

EUROPEAN NEWS

France to keep restrictive policies

BY ROBERT MAUTHNER IN PARIS



M. Barre: Frenchmen must tighten their belts.

M. RAYMOND BARRE, the French Prime Minister, has issued a stern warning that France can expect no relaxation of the Government's restrictive economic policies, given the increasing economic burden of the oil bill.

The cost of oil is expected to rise to FFfr 110bn (£11.7bn) this year, more than twice its 1978 level, following the latest price increases announced by Saudi Arabia, which provides more than 35 per cent of France's oil imports.

The sharp rise in the bill for imported energy was mainly responsible for the large

January trade deficit of FFfr 4.6bn, which was almost half the total trade deficit in 1979.

M. Barre said that, in the circumstances, Frenchmen would have to continue to tighten their belts. There could be no question of a switch to more expansionary policies which would lead merely to a further deterioration of the external account, and give an additional twist to the inflationary spiral. If need be, the authorities would step up their fight against inflation.

M. Barre even cast doubt on whether wage-earners' purchas-

ing power could be maintained this year, although this has been fundamental to his economic policies since he was appointed Prime Minister in 1976. Disposable income could be kept at present levels only if workers refrained from demanding excessive wage increases.

According to the latest provisional forecasts, France's gross national product will grow by 2 per cent at the most in 1980, the rate of inflation is expected to remain at 11 to 12 per cent, and nominal hourly wage rates are expected to rise by about 13 per cent.

Spending cuts on way for Ireland

By Stewart Dalby in Dublin

SEVERE CUTS in public spending in the Irish budget next Wednesday are foreshadowed in the estimates released by the Finance Ministry this week. Spending on goods, services and pay is expected to rise by only 12.2 per cent to Ir£2.6bn in 1980-81.

This overall rise includes agreed public sector pay rises of 20 per cent. Without these rises the estimates allow for an increase of only Ir£2.5bn or 4.7 per cent in all other services provided by the state.

The public sector increases include only those already granted and exclude probable pay rises to teachers and nurses.

Inflation this year will probably be between 15 and 17 per cent, so the estimates suggest that there will be a reduction in public spending of more than 10 per cent in real terms. Particularly affected will be school transport—where spending is estimated to fall by Ir£500,000 to Ir£16m. Roads maintenance will also be affected, as will health and other social services.

The spending cuts are regarded as necessary to reduce a current account deficit of Ir£522m. That is approximately half a public sector borrowing requirement of about Ir£1bn—equivalent to 13 per cent of gross national product.

The cuts will not be sufficient to reduce the borrowing requirement to a manageable proportion of about 10 to 11 per cent. It is thought that Mr. Michael O'Kennedy, the Finance Minister, will also announce staff rises in indirect taxes in his budget.

German leaders confer on improved access to Berlin

BY LESLIE COULT IN BERLIN

HERR HELMUT SCHMIDT, the West German Chancellor, and Herr Erich Honecker, East Germany's President and Communist Party leader, have conferred by telephone about projects to improve West Berlin's road, rail and canal links to West Germany which cross East German territory.

Tensions between Washington and Moscow recently forced the two German leaders to postpone a meeting due to have taken place in East Germany this month.

After the telephone call between Bonn and East Berlin, Herr Schmidt's permanent representative in the East German capital, Herr Guenter Gaus, met President Honecker to discuss the projects in detail.

East Germany favours a massive package of improvements which would also aid East Germany's neglected infrastructure and cost West Germany as much as DM 3bn. It would include laying new track and electrifying the five East German railway lines con-



Herr Erich Honecker

necting West Berlin with West Germany, as well as the West Germans building a large brown coal power station near Leipzig which would supply West Berlin and West Germany.

However, Chancellor Schmidt at a recent Cabinet meeting

decided against the East German proposal, and in favour of less spectacular West German projects which would cost the West German taxpayer considerably less. He suggested the other projects could be negotiated later.

The West German Government is worried about the impact the worsening relationship between the superpowers might have on the dialogue between Bonn and East Berlin. A graduated series of improvements would have the advantage of keeping up East Germany's interest in negotiations with West Germany.

The West Germans are prepared to sign an agreement with East Germany, perhaps as early as next month, on laying a railway track between West Berlin and Marienborn, building an autobahn link on the West Berlin access road to Wartha, and dredging canals to West Berlin to take larger barges. These would cost West Germany an estimated DM 900m in the next few years.

Spanish holding company expects £339m losses

BY ROBERT GRAHAM IN MADRID

THE SPANISH state holding company INI expects losses in 1979 to total Ptas 52bn (£339m), 9 per cent down on the previous year. This figure, however, excludes losses of Ptas 10bn recorded by SEAT, the motor manufacturer, which are being accounted for by its main shareholder, Fiat of Italy.

These provisional loss-figures were revealed this week by Sr. Jose Miguel de la Rica, the INI president, to visiting Spanish Members of Parliament.

Even if the SEAT losses were included, INI officials say the loss estimates are still down on 1978 in real terms. Over 90 per cent of these losses, recorded by the 73 companies directly controlled by INI, derive from concerns in sectors badly affected by the recession.

These are steel, shipbuilding, and the motor industry. The main loss-maker in the INI group continues to be the mining company Huesca, whose 1979 losses are equivalent to 36 per cent of group losses.

Other troubled INI companies include the integrated steel-maker Altos Hornos de Meditarraneo, Bazan, the naval ship-builder, and Enasa, the industrial vehicle producer.

Also, for the first time, INI has been obliged to cover substantial losses in the uranium company Enusa, after the private partners withdrew from the company and the need arose to finance some three and a-half years' stocks of enriched uranium and uranium concentrate—accumulated as a result of delays in Spain's nuclear programme.

Sr. de la Rica told the MPs he hoped group losses would be cut this year to Ptas 39bn. For the first time, INI has issued strict budgeting instructions to its companies' boards.

Sr. de la Rica also underlined to the MPs that the principal loss-makers in the group were those companies which it had been obliged to absorb from the private sector by previous governments.

Portugal negotiating aid package from Brussels

BY JIMMY BURNS IN LISBON

PORTUGAL'S underdeveloped economy is expected to receive a boost from an aid package now being negotiated with the EEC. According to EEC officials in Lisbon the financial and technical help requested by the Portuguese last year will be considered in detail when Sr. Lorenzo Natali, the vice-president of the EEC commission, arrives at the end of this month.

Although the sum involved will have to be agreed, the scope of the package will be similar to the help Portugal has been receiving since 1975, just before it applied formally to become a member of the EEC.

Portugal has received a total of 350m units of account in two major instalments from the European Investment Bank: the first was in the form of emergency aid, the second was part of the financial protocol signed with the EEC in 1976. The bulk of credits was intended for development of Portugal's infrastructure, industry and agriculture.

The need for more aid has been recognised by both sides because of Portugal's impending EEC membership. Brussels has always stressed that the main problem arising from Portugal's accession to the Community in 1983 stems from disparities in economic development.

Portuguese per capita income is well below the European average and current production is equivalent to only 1 per cent of the Nine's GDP.

EEC officials have expressed concern that, because of the political instability and economic mismanagement prevailing in Portugal since the 1974 revolution, a large part of financial aid to Portugal has not been properly absorbed.

Nevertheless aid negotiations are taking place against the background of a major initiative by the new centre-right Government aimed at accelerating Portugal's negotiations with the EEC.

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Wagstaff's face lit up.

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'But we've a long way to go yet,' said Bill, 'we'll have to get new premises, new equipment, more staff—the lot. We've got all our plans and proposals ready, but there are one or two critical financial areas that need your kind of light shed on them, rather than ours!'

'Well in that case,' said Mr Wagstaff, 'why don't we set up a meeting at the bank—or here if you like—and get your accountant, Jack Rogers, along and we'll all have a look at the balance sheet. Then if that's all right and you make sure you keep the domestic side of your "Light Brigade" going at a steady gallop, I should think the bank could be very interested. So here's to a bright future!'

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U.S. 'will boycott Olympics'

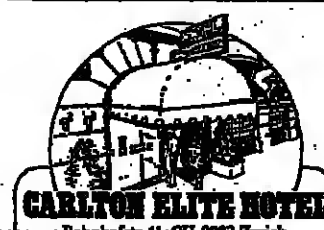
By Roger Boyes in Bonn

MR. CYRUS VANCE, the U.S. Secretary of State, said yesterday the U.S. would go ahead with a boycott of the Moscow Olympic Games because Soviet troops had not withdrawn from Afghanistan by the February 20 deadline set by the White House.

Speaking in Bonn after a day of talks with East German leaders, Mr. Vance also gave Washington's approval to the EEC initiative aimed at establishing a neutral Afghanistan after a Soviet withdrawal. The proposal was put forward on Tuesday.

Both the Olympics boycott and the EEC "neutrality" plan figure in Mr. Vance's talks with Herr Hans-Dietrich Genscher, the West German Foreign Minister, which dealt with the overall Western response to the Russian invasion. Herr Genscher affirmed yesterday that Bonn's contribution to Western counter-measures focused on four main points: maintaining the military balance on NATO's central front; financial and political support to Turkey on NATO's southern flank; increasing contacts with the Gulf states; and more aid to Pakistan.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$385.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.



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Turkey adjusts the lira

BY METIN MUNIR IN ISTANBUL

IN A MOVE which indicates that the Turkish Government will follow a realistic foreign exchange policy, the Central Bank yesterday adjusted the value of the Turkish lira against two currencies.

The value of the pound was increased from 159.50 lira to 160.2, and the Norwegian krone from 14.24 to 14.30.

The changes are minuscule, but furnish the first proof of the fact that Mr. Suleyman Demirel's Government will not allow the Turkish lira to be

overvalued. Past Governments, fearful of the public's sharp reaction to "devaluations," had avoided making the cross-rate adjustments required by international currency fluctuations.

This had detrimental results on exports and the inflow of remittances from expatriate workers, and was disapproved of by the International Monetary Fund.

The Central Bank said cross rates would henceforth be adjusted "automatically."

'The operation of the free market is essential, not only to promote productive efficiency, but also to foster harmony and peace among the peoples of the world!'

Milton Friedman explains why he believes free market forces should be allowed to operate without bureaucratic interference.

Also in today's *Listener*, Edward Goldwyn tells how a Chinese medical team is combating an extraordinary epidemic of cancer in the remote Lin Xian Valley.

The Listener

Edited by Anthony Howard

Out today 30p

EUROPEAN NEWS

French approve start-up of two N-plants

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government has finally approved the start-up of two nuclear power stations which have been plagued by controversy since headline cracks were discovered in some of their key metal components.

France's ambitious nuclear power programme, which aims to produce 50 per cent of France's electricity by 1985, can now start moving forward again. The two stations, at Tricastin in the south-east, and at Gravelines, near Dunkirk in the north, would have been started up about three months ago if the commissioning programme had not been frozen. They were loaded with a fuel in late October and early November, but have since remained idle while further research and safety tests were carried out on the cracks.

Evidence of the fissures was first made public last autumn, when union members working on the sites exposed the problems because of their potential danger to the plants employees.

The unions, morally supported by a parliamentary watchdog committee which attacked the authorities for having concealed the evidence, then held up the fuelling programme in a series of strikes.

In response to these pressures, the Industry Ministry stepped in to freeze the commissioning of the plants, and set in motion a plan to develop automatic detection and repair machinery which will be able to operate inside radio-active areas. The authorities are now apparently confident that this machinery will work in practice.

Ministry safety experts have insisted all along that the fissures posed no immediate danger, although they are in metal in highly radio-active areas. Opinion is divided, however, on whether the fissures, which are now superficial, will develop into larger and more dangerous cracks in the thick metal plates over a period of years.

Danes 'will not devalue' to counter payments gap

BY HILARY BARNES IN COPENHAGEN

DENMARK is not planning "panic measures" to counter the large current balance-of-payments deficit it expects this year, nor is it considering more unilateral devaluations of the krone. Mr. Svend Jakobsen, the Finance Minister, told the Financial Times.

The Government tentatively estimates that the balance-of-payments deficit in 1980 will be about DKK15bn (£1.2bn), the same as in 1979, when it was about 4 per cent of gross domestic product.

With private consumption expected by the Government to fall by 4 to 5 per cent in real terms this year, Mr. Jakobsen said there was not much room for new squeeze measures to improve the external deficit.

The Government plans to introduce measures in April, but these will be aimed at cutting the growth of public spending, especially local gov-

ernment spending, and the main impact will come only at the end of this year and in 1981. However, the Minister did not rule out adjustments of indirect taxes. The measures will be designed to supplement steps taken in December to curb wage inflation.

The 5 per cent unilateral devaluation of the krone against the other European Monetary System (EMS) currencies on November 30 will not be followed by further devaluations, he said. A large devaluation is right outside the Government's work only if they are accompanied by incomes policy measures.

The Central Bank has concluded agreements with commercial and savings banks, insurance companies and pension funds which will tightly restrict lending for private consumption.

Norwegian growth exceeds estimates

By Fay Gjerster in Oslo

NORWAY'S ECONOMIC growth last year exceeded Finance Ministry estimates—even the most recent estimate, published in December, 1979, thanks mainly to North Sea oil and gas.

Private consumption, on the other hand, grew more slowly than the Ministry had expected.

This is revealed in the economic survey for 1979, published here by the official Central Bureau of Statistics.

The survey puts Norway's gross national product (GNP) last year at NKR 233bn (£20.8bn) and GNP growth from 1978 to 1979 at 3.7 per cent. The largest single contribution to growth was made by oil and gas exports, but exports of services—mainly shipping—also increased.

Private domestic consumption rose by only 0.5 per cent, compared with the Finance Ministry's December forecast of 1 per cent.

Public consumption grew by only 2.4 per cent, compared with the Ministry's 2.7 per cent estimate, and investment fell by 9 per cent, 1.2 per cent more than forecast.

Of the NKR 233bn GNP, only NKR 114.9bn went to private consumption. This was less than 50 per cent for the first time in Norway's history. Public consumption accounted for NKR 46.1bn while NKR 63.9bn went to investment.

The balance of goods and services showed a surplus in 1979, for the first year since 1972. Exports rose to NKR 104.4bn, including oil and gas worth NKR 21.6bn, while imports were worth NKR 98.4bn.

The survey points out that, although Norwegian-made goods became more price-competitive in 1978 and 1979, as a result of price and income regulations, Norwegian industry has so far made little headway in regaining the share of the domestic market it lost to foreign suppliers in 1974-77.

Some export industries regained market shares, but mainly as a result of foreign customers buying for stock during the short-lived economic upswing in this period.

Rupert Cornwell in Rome examines the reversal in Italy's hopes for continued growth

High-flying economy starts falling to earth



Terry Kirk

Sig Filippo Maria Pandolfi, left, the Treasury Minister, faces an ever-deepening economic division between the larger companies, private and public, and the myriad small and medium-sized companies on which Italy's manifest prosperity is largely built. The former are hamstrung by soaring costs, the latter are as competitive as anything comparable in Western Europe.

decline to 13 per cent of GNP in 1979. The fleeting improvement was due to political crises which impeded the passage of spending laws through Parliament, and the inexorable working of "fiscal drag" as inflation hauled taxpayers into higher brackets.

This deficit, and the huge waste of resources involved, is perhaps the biggest single contributor to Italian inflation. Then comes the "scale mobile" mechanism of automatic wage indexation, locking inflation into the system, and the rigidity of labour law.

In many respects these problems are part of the tacit price paid by an increasingly faltering Christian Democrat party to preserve some kind of political equilibrium in Italy. Change will require a new settlement between the major parties, whose prospects today seem as dim as ever. In the meantime, as always, it will doubtless be left in the Bank of Italy and monetary policy to hold the line as best it can.

Leaving mainstream

Some leading economists believe that an imperceptible movement of Italy towards a "Third World" economy is now in progress—one built on smaller companies and modest technology, where research and development spending is low, and one drifting away, in an absence of coherent central planning, from the mainstream of the advanced industrial nations. Such a view may be unduly pessimistic. But there is growing evidence to support it.

Since the first 1973 oil crisis the share of total resources going to consumption in Italy has stayed remarkably constant at 65 per cent, and that of exports has risen to 20 per cent from 15. But the share going to investment has dropped from 20 to 15 per cent. In other words, while the country has coped remarkably successfully with the challenge of a soaring energy import bill, it has failed to make the necessary sacrifice of shifting resources from consumption to investment.

With Italy nothing is ever sure. Who, for example, would have predicted in the depths of the 1976 payments crisis that within two years the country would have its biggest balance-of-payments surplus ever—and a year after that the fastest growth in the West? But as Newton and markets prove, what goes up usually comes down.

1980, but the 1980s. In other words, the immediate short-term prospects are not that alarming, but the profound structural weaknesses of the economy must be tackled if really serious difficulties are not to arise later.

In 1980 Italy will not escape the slow-down already taking a grip on the major industrial economies. The present indications are that growth will not exceed 2 per cent, and more likely be nearer 1 per cent. But even that is no disaster, given that the OECD now predicts a zero growth for the West as a whole this year.

What actually happens depends largely on how long the current boom will continue in output, which has already defied several predictions since last summer of its imminent demise. The last quarter of 1979 saw production running at its best level of the year, and the signs are that January saw more of the same. The Montedison chemical group, for example, has reported record January sales, up 12 per cent from the October-December 1979 average, itself a record.

Thereafter, a slowdown seems certain. Confindustria, the Italian employers' association, reckons that industrial production will taper off to a growth of 2.9 per cent in the first quarter, and 2.3 per cent in the second. The growth of exports this year is put at only about 4 per cent, as stagnation grips major markets abroad.

Trade is still expected to be sufficiently in balance to ward off trouble for the lira, despite a rise in the country's anti-

pated oil import bill from around \$10bn in 1979 to \$15bn, or even \$17bn in 1980, and the soaring cost of other raw materials.

By April, moreover, the tourist season will be moving into gear, almost automatically ensuring safety in the balance of payments at least until the autumn. For the year as a whole the current account is forecast to remain in rough balance.

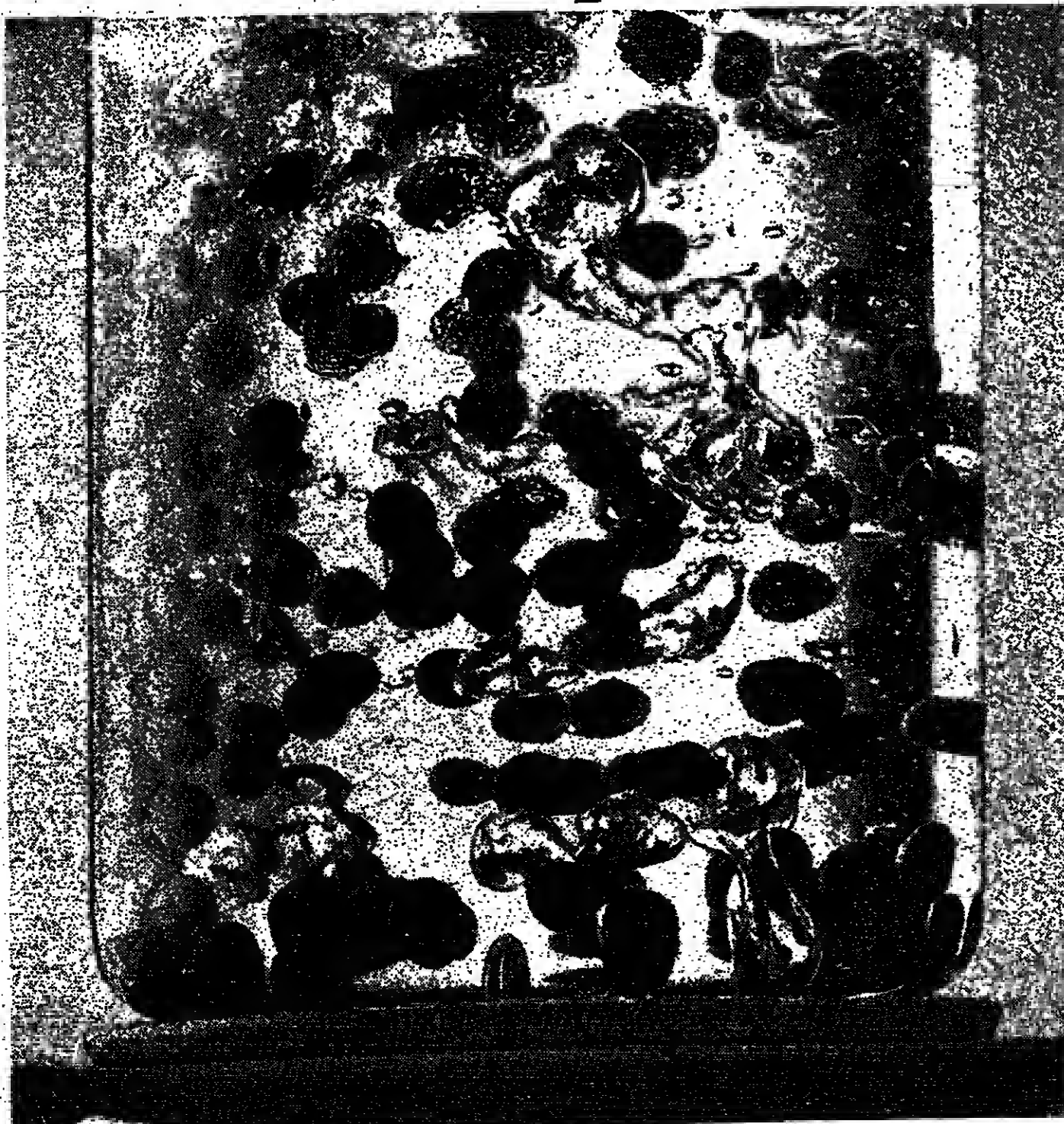
But this not dispiriting outlook masks a deep and apparently ever-deepening economic division which lies at the heart of the Italian paradox and contains the seeds of the trouble predicted for later in the decade. This is the gap between the larger companies, private and public, and the teeming myriad of small- and medium-sized concerns of which Italy's manifest prosperity is largely built.

Astronomical debts

On the one hand there is Fiat, afflicted by low productivity and diminishing competitiveness, and state industries like IRI, saddled by astronomical debts and losses. On the other there are the smaller engineering companies, the textile and clothing trade, the shoe manufacturers and even the thousands of tiny jewellery companies who in 1979 exported £3,000bn (\$3.7bn) worth of produce.

The first are hamstrung by rigid labour laws, trade union refusal to countenance greater flexibility and soaring costs. The second largely escape the meshes of the unions and, as a result of a very high rate of

The advantages of burning coal like your wife cooks peas.

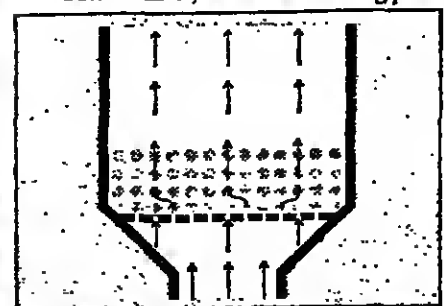


The simple principle of fluidised bed combustion.

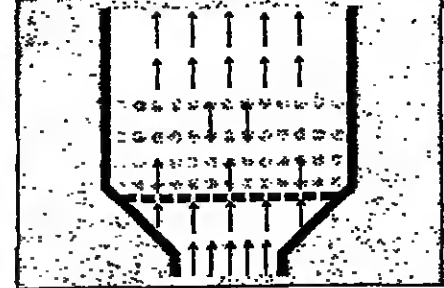
Just imagine a red-hot bed of inert mineral matter like sand or ash.

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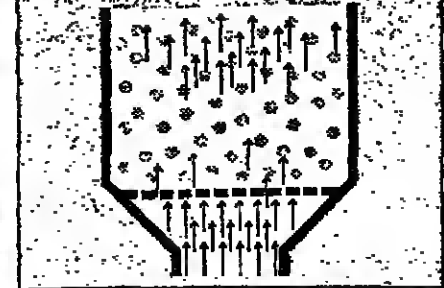
You now have a fluidised bed into which you can inject and burn coal. Rather like your wife cooking peas.



A GENTLE CURRENT OF AIR DOES NOT DISTURB THE MINERAL PARTICLES.



INCREASE THE AIR CURRENT AND THE PARTICLES BEGIN TO ACT LIKE A FLUID.



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Also, since combustion takes place at a relatively low temperature, a wide range of coals can be burnt efficiently.

On an environmental level, the characteristics of fluidised bed combustion keep the emission of sulphur dioxide and nitrogen oxides well below the accepted standards.

Putting theory into practice.

Over the years, extensive development and experimental programmes have been carried out on fluidised bed combustion.

The resultant research and know-how means that Britain leads the way in this revolutionary technique.

Several plants already operate on a commercial basis in this country.



A suitable case for treatment.

Antler Limited are the biggest manufacturers of luggage in the UK, and were the first company to have an operational fluidised bed boiler on its premises. The boiler is a vertical shell type, and it provides space heating for Antler's four-storey building and replaces the old-fashioned Lancashire-type boilers.

The new fluidised bed boiler outperformed its predecessor by coping perfectly with the on-off conditions of Spring and Autumn, as well as having the capacity to deal with the arctic weather of the Winter of 1978/79. However, the biggest difference was in economy.

The thermal efficiency of the new boiler is in excess of 80%, well above that of the old Lancashire-type boiler.

Also, since combustion takes place at a relatively low temperature, a wide range of coals can be burnt efficiently.

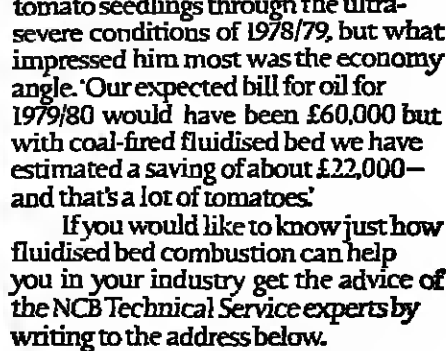
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OVERSEAS NEWS

Condemnation of Moscow sought from non-aligned

BY DAVID HOUSEGO

YUGOSLAVIA'S leadership has revived President Tito's attempts to secure a strong condemnation of Russia's invasion of Afghanistan from members of the non-aligned movement.

Diplomats in London yesterday disclosed that Mr. Josip Vrhovec, the Yugoslav Foreign Minister, will be travelling to Bangladesh on Saturday before proceeding to India in an effort to convene a meeting of the 35-member bureau of the non-aligned group. Mr. Vrhovec abandoned a similar mission to New Delhi when President Tito suffered his relapse.

Bangladeshi role

The significance of Bangladesh is that it initiated officially last month's Islamic conference in Pakistan which condemned the Russian action and called for the immediate withdrawal of Soviet troops.

As a result of the meeting the Yugoslav leadership contacted Islamic members of the non-aligned group with a view to securing their support for a similar declaration by the non-aligned.

Any such step will be strongly opposed by Cuba, which is currently chairman of the non-aligned movement, and by other pro-Russian sympathisers among member states. The Yugoslav initiative, launched to help forestall any similar Russian intervention in Yugoslavia, thus risks causing a sharp split among the non-aligned.

Yugoslavia is particularly anxious for India's support because India, with Yugoslavia, was one of the co-founders of

the non-aligned movement nearly 20 years ago and remains one of its key members.

Since India's tacit approval for the Russian action, delivered at the United Nations as Mrs. Gandhi took power in January, there has been a shift in India's attitude towards condemning the Soviet Union and demanding a Russian withdrawal. This emerged clearly during the visit last week to New Delhi of Mr. Andrei Gromyko, the Soviet Foreign Minister.

The dilemma for Mrs. Gandhi will be whether she will want to carry her displeasure with the Soviet Union to the point of supporting an anti-Russian resolution among the non-aligned.

One temptation for her will be that after President Tito's death, India under her premiership, would be an obvious candidate for the leadership of the non-aligned. Against this, India signed a treaty of friendship with Russia in 1971 which it still regards as crucial to its security.

Isolating Cuba

Short of any joint statement by the non-aligned group, Yugoslavia is likely to be canvassing the idea of one member issuing a condemnation of the Soviet invasion on behalf of other states of similar view. This would isolate states like Cuba and Vietnam.

Yugoslavia would be unwilling to make such a statement itself because it might be considered too provocative by the Russians. But India or Bangladesh might be alternative sponsors.

Richard C. Hanson finds confidence and optimism in Taipei and the other China's economic prospects

Taiwan secures stability as well as growth

EDWIN REISCHAUER, the Harvard scholar and former diplomat, once claimed that his predictions on what would happen to Japan in the first three decades after the Second World War were always correct because he was always an optimist. The same approach would seem to apply in forecasting the future of Taiwan.

Despite plenty of worries about what might happen after the withdrawal of U.S. recognition from the Chinese Nationalist Government in December 1978 there are few pessimists in Taipei these days and plenty of confident people ready to claim that their faith in the island's ability to survive and prosper was justified.

Last year did not begin very comfortably for Taiwan. Not only had the U.S. abruptly announced its long-expected decision to recognise Peking as the true Government of China, the island also faced higher oil prices, uncertain supplies and rising protectionism in major export markets. With 50 per cent of Taiwan's Gross National Product dependent on exports, this is of critical importance.

To ease the pain the U.S. Congress hastily passed a bill assuring Taiwan that America was not abandoning the island completely. This in turn bolstered the confidence of both the 17m Taiwanese and the foreigners (including overseas Chinese) who, in increasing numbers last year continued to invest in Taiwan.

After clarification of Taiwan's new non-diplomatic status, foreign investment approved by the authorities shot up 54.4 per cent over 1978 (the previous record) to \$328.2m. Foreign investment this year will probably be supplemented by new large-scale joint venture projects still under negotiation. These include a truck plant venture involving General Motors and a heavy electric

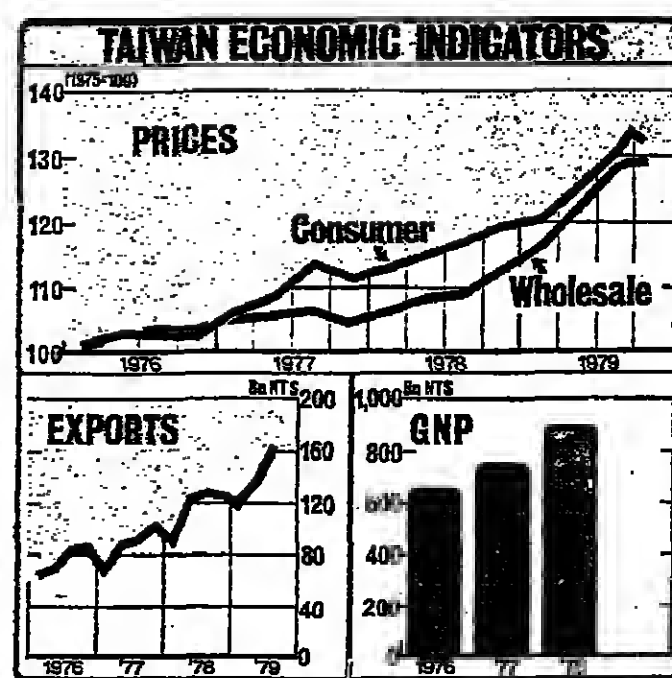
turbine plant with General Electric of the U.S.

The Government and the private sector continued throughout 1979 to tap the international capital markets for long-term loans amounting to about \$650m, borrowing on very favourable terms. The number of foreign banks also increased, prompting for the first time serious interest from one-way European bankers wanting to set up shop in Taipei.

By the end of 1980, there should be about five European banks (21 foreign banks in all), starting with Grindlays of the U.K. The addition of these banks, who apparently don't feel Taiwanese ties will hurt business with China, will strengthen the island's somewhat ambivalent but growing relations with Europe.

Another important result of the normalisation of ties between the U.S. and Peking was a shift in the attitudes of the mainland and Taiwan Governments toward each other. There has been a noticeable change in tone in Peking's messages to Taiwan. These have sought to lure Taipei back into the fold by assuring it economic independence and its own army and by guaranteeing the status of foreign investment.

Peking's statements are officially disbelieved in Taiwan, even if they have been comforting to foreign investors. But the Taipei Government has still turned a blind eye to an apparent surge in unofficial exports to China through third parties. The Government has gone so far as to say it can do nothing about goods from Taiwan once they leave its shores, even if they end up in Communist hands. Meanwhile Taipei sticks to its claim to be the Government of all China, and Peking openly acknowledges the progress being



made by the people of its Taiwanese "province."

Diplomatic and political considerations aside, the key to Taiwan's success and continued separate existence from the mainland is its economy.

Despite the rapid increases in oil prices last year—Taiwan imports about 75 per cent of its energy needs—and in contrast with economic troubles erupting elsewhere in the region, Taiwan's GNP grew by about 2 per cent in real terms last year. This was below the record 12.8 per cent growth enjoyed in 1978, but was just about the highest growth rate in Asia.

Consumer inflation was held down to the low teens according to Government estimates, and these are considered only mildly optimistic by private bankers. Unemployment is nearly non-existent at around 1.3 per cent, and in fact labour shortages in some fast-growing

by a spectacular 37 per cent in 1979, and on holding down inflation, which would accelerate as a result of higher import prices and rising wages.

Characteristically, the Government is placing heavier stress on inflation rather than exports. Its fears date back to the Chinese Civil War when the Nationalist Government in Peking allowed prices to get hopelessly out of control and paid for its mistake by losing the support of the Chinese middle classes.

The main prong of the Government's anti-inflation policy in recent months has been strict control of the money supply, so strict that the annual growth rate has slowed from about 40 per cent in January 1979 to around 6 or 7 per cent today. A moderate liberalisation of imports of manufactured goods has also helped to restrain the prices of locally-produced goods. The success of these policies can be measured by the fact that the inflation rate has been kept below 10 per cent for the last three or four months, before the peak season for buyers from overseas. Most bankers agree.

If the exports do slow down the Government is likely to respond cautiously. Stability rather than growth remains the watchword, despite the fact that Taiwan seems remarkably good at getting its share of both.

most closely resembles that of Taiwan.

The similarities of the two economies, in fact, present Taiwanese economic planners with one of the most difficult problems to be faced this year. In January, faced with an erosion of its export competitiveness from higher wages and soaring inflation, South Korea decided to devalue the Korean Won by 16.55 per cent.

There was some fear—and still is, judging from forward pressure on the new Taiwan dollar in the limited total foreign exchange market—that Taiwan might have to follow the Koreans. Businessmen recall vividly that in 1975, when Taiwan did not devalue after South Korea, the country experienced the only setback in exports of the decade.

This time, however, the Government apparently feels that conditions in South Korea are so much worse that any competitive advantage gained from the devaluation will be lost in the next three or four months, before the peak season for buyers from overseas. Most bankers agree.

If the exports do slow down the Government is likely to respond cautiously. Stability rather than growth remains the watchword, despite the fact that Taiwan seems remarkably good at getting its share of both.

S. Africa's Rhodesia election fears grow

By Quentin Peel in Johannesburg

RENEWED THREATS of South African military intervention in Rhodesia, and a warning of possible action against Mozambique, underline the South African Government's extreme concern about the possible outcome of next week's Rhodesian elections.

South Africa's official position is unchanged, but a series of reports attributed to military officials has appeared in the South African Press, restating the Government's threat to intervene in Rhodesia "if law and order break down."

Already, South Africa has reacted toughly to renewed activity of nationalist guerrillas. Areas of northern Natal have been put under military control, and a strongly worded warning of possible retaliation against Mozambique has been issued.

Insurgent bases

South Africa is concerned that the advent of a Government headed by Mr. Robert Mugabe in Rhodesia would be a major step towards ringing the Republic with Marxist-inclined countries prepared to offer bases to insurgents.

Observers here believe that the warning to Mozambique must be seen as an attempt to head off such an outcome.

The warning puts President Machel of Mozambique in a quandary. His country is dependent on South Africa for technical assistance, railways and harbours, imports including maize supplies, and foreign exchange. South Africa also remits the wages of some 39,000 Mozambican mineworkers employed in South Africa. Mozambique can ill-afford to sacrifice that income.

Clearly, the South African statements are primarily warnings at this stage, but Mr. P. W. Botha, the Prime Minister, is more likely to act on them than was his predecessor, Mr. John Vorster.

Cairo Socialists step up anti-Israel moves

BY ROGER MATTHEWS IN CAIRO

PALESTINIAN flags were again raised in Cairo yesterday as opposition parties developed their campaign against the opening of an Israeli Embassy in the Egyptian capital.

Mr. Ibrahim Shukri, leader of the Socialist Labour Party, has called for 1m Palestinian flags to fly next Tuesday, when the new Israeli Ambassador is due to present his credentials.

He also wants people to boycott the Israelis culturally and economically, to express their disgust at the continued occupation of Arab land and the Jewish settlement policy.

The Socialists are demanding that President Sadat should slow down the normalising of re-

lations with Israel. The barely tolerated Unionist Progressive Party—struck a more strident note yesterday when it strung up banners on its headquarters calling for a boycott of the people "who killed our sons."

In the past, the Socialists have supported the peace treaty, but argued against diplomatic relations with Israel until the Israelis withdraw from all Arab territory.

Other less-political sections of the community also feel uneasy at the pace at which Mr. Sadat is moving, when Israel seems more than ever determined not to relax its grip on the West Bank and Gaza.

Iran throws doubt on status of commission

BY SIMON HENDERSON IN TEHRAN

THE FATE of the United Nations-sponsored commission of inquiry into the regime of the Shah was in doubt yesterday and the commission members did not fly to Tehran expected.

In New York, Dr. Kurt Waldheim, the United Nations secretary-general, said he was seeking further clarification from Iran, which has now officially accepted the commission.

The cause of the setback appears to have been the telegram sent by President Abol Hassan Bani-Sadr of Iran to accept the commission, he once again repeated that not only the alleged crimes of the Shah should be investigated but also past interference by U.S. policy in his country. In addition,

Iranian leaders have denied that there is a deal binding the release of the hostages to the establishment and working of the commission.

It appears that hopes expressed last week that the 50 U.S. hostages in Tehran would be released in a matter of days, have evaporated. There is also a danger that Dr. Waldheim's commission could fail because of its loss of momentum.

A special aircraft was waiting for the commission at Geneva airport yesterday, but plans for its flight to Tehran were cancelled at the last minute. The commission members who were due to assemble in Geneva came from France, Algeria, Syria, Sri Lanka and Venezuela.

Kuwait to cut oil output

KUWAIT—Kuwait will cut its daily crude oil output by a quarter, or 500,000 barrels, from April 1, Mr. Ali Khalifa al-Sabah, the Oil Minister, said yesterday.

Speaking before his departure for a meeting in London of the Organisation of Petroleum

Exporting Countries, the Minister said the oil glut, which had caused prices on the spot market to drop, would increase because of oil conservation measures in the West and increased oil production in non-OPEC nations.

Reuters

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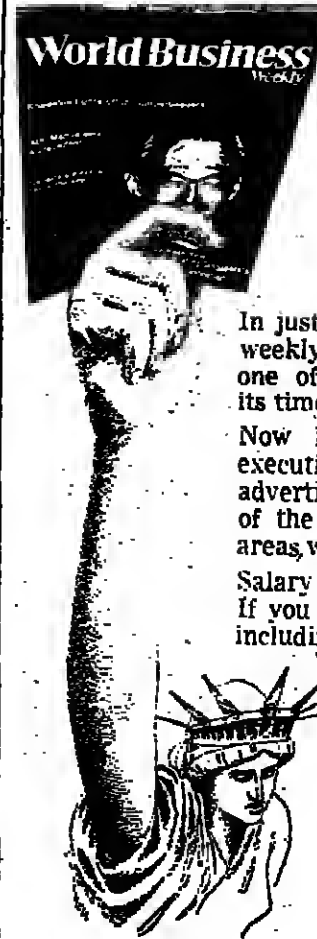
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U.S. to improve contacts with allies on arms

BY DAVID SUCHAN IN WASHINGTON

THE CARTER Administration, which is seeking a 13 per cent real increase for 1980-81 in military research and development, intends to improve its weapons co-operation with NATO allies while constricting the flow of high technology to the Soviet Union, a top Defence Department official told the Senate Government Operations Committee yesterday.

Mr. William Perry, Defence Under-Secretary for Research and Engineering, was facing a critical Congressional probe into military use by the Soviet Union of technology bought from the U.S. and the West.

The Soviet Union had outspent the U.S. by \$700m on military research in the 1970s, Mr. Perry said, but the U.S. was still some five years ahead in four crucial defence areas: computers, micro-electronics, advanced composite materials, and jet engines. This was because of the commercial demand for and application of these goods, which had no counterpart in the Soviet Union.

But, in the wake of the Afghanistan crisis and the dramatic deterioration to U.S.-Soviet relations, the Administration was taking steps, which Mr. Perry called "overdue", to ensure the U.S. stayed ahead in key defence technology. Mr. Perry said the U.S. was pressing for a tightening of export guidelines by Cocom, the Paris-

based organisation of NATO countries and Japan that restricts sensitive sales to Communist countries.

In particular the U.S. does not want any new relaxation in the guidelines for computer sales, and wants to put new restrictions on the transfer of intellectual property such as computer software and technical data packages.

Trade with the Communist bloc is of relatively greater importance to West European countries than to the U.S., but the U.S. defence official claimed that curtailing some of this trade would not overly hurt Western companies, because the Soviets conducted a "cream-skimming" operation—buying relatively few products and then copying the techniques to market their own products.

Cocom guidelines are sometimes bypassed altogether but there is a procedure by which a country can ask for an "exception" to the rules and this has to be approved unanimously. A former Commerce Department official told Senator Jackson's committee yesterday that the U.S. had recently led in seeking exceptions. The U.S. had sought and won over 60 per cent of the total export "exceptions" that Cocom granted in 1978, according to Mr. Lawrence Brady, Deputy Director of the Office of Export Control in the Commerce Department until last month.

Nancy Dunne in Washington assesses hopes that alcohol will help curb petrol, use in the U.S.

'Gasohol' slowly catches on

IN RECENT months a new bumper sticker has begun appearing on American cars. It bears a simple message: "Gasohol."

But this alternative fuel, a mix of nine parts petrol and one part alcohol, offers motorists no sure deliverance from their woes, for its mass production in the near future is fraught with uncertainty.

The Carter Administration has already seen the difficulties. It had a gasohol programme under study for 18 months before announcing a "major new programme" in early January. But the timing of the announcement—shortly after President Carter's partial grain embargo of the Soviet Union, and shortly before the caucuses in Iowa, the nation's biggest maize-growing state—was clearly political.

The programme also offered only one measure not already under discussion on Capitol Hill—a \$3bn provision for new federal loans and loan guarantees to help set up production plants.

The plan calls for gasohol production to be quadrupled from the current figure of 800m gallons to 3.2bn by the end of this year, and output of roughly 5bn gallons by the end of 1981.

Officials say gasohol could replace 10 per cent of the nation's unleaded petrol by the end of next year, and that by the mid-to-late 1980s one-third

of automotive fuel might be gasohol.

President Carter initially implied that increased production of gasohol would diminish maize surpluses created by the grain embargo. "We will also increase amounts of grain devoted to the alleviation of hunger in the poor countries, and we will have a massive increase of the use of grain for gasohol production here at home," he said in a televised address on January 4, after the Soviet intervention in Afghanistan.

However, when Administration officials detailed the plan a week later, they were unable to promise that gasohol would bring farmers immediate relief from the effects of the embargo. One official admitted that no funds had been set aside specifically to buy maize for gasohol production.

Presidential politics aside, the use of gasohol has been growing. Just two years ago the fuel was sold at only a few retail outlets. It is now being distributed at over 1,000 stations, and some major oil companies are starting pilot gasohol programmes. The fuel has found acceptance among many motorists who say it gets better mileage and engine performance than the unleaded fuel required in most late-model American cars.

Gasohol is a high octane product which can be produced with two types of alcohol, ethanol or methanol. Ethanol, favoured by the agriculture industry, is produced from vegetation, whole grains, food waste and petroleum. Methanol can be made from wood, sewage, refuse, coal, natural gas, peat, shale or petrol.

While maize would initially be the primary raw material for ethanol production, officials foresee a gradual switch to other crops and even municipal waste as the decade progresses. Researchers say that in two or three years they will produce a commercially viable method for converting cellulose materials—stalks, cobs, paper—into fermentable sugars, which in turn will produce alcohol.

Gasohol production has lagged because, without Government assistance, it is still more expensive, at \$1.30 per gallon, than petrol, which has a wholesale price of 85-95 cents for the unleaded variety. However, subsidies and tax incentives proposed by the President, the fact that many states have cut taxes on the brew, and the ever-rising cost of oil, mean that the price gap is being closed.

The Administration has proposed a number of measures which, if passed, would provide a subsidy of 50 cents per gallon of alcohol for gasohol producers. These measures include:

- An extension until the year 2000 of gasohol's exemption from the 4 cents a gallon federal excise tax on petrol.
- Up to \$10 in assistance for

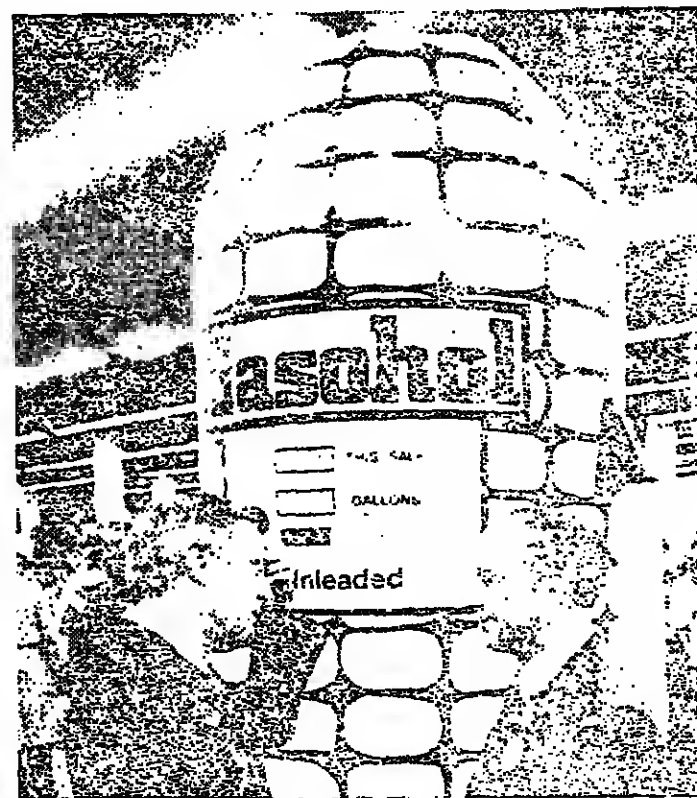
construction of plants for the production of Ethanol from plant materials.

- A 40 cents a gallon production tax credit for alcohol producers.
- Increased funds for research and development.

The U.S. is producing about 80m gallons of ethanol a year, 63 per cent of which is manufactured from maize by one major producer, the Archer-Daniels-Midland Corporation of Decatur, Illinois. Doubt exists among many energy experts that the country can meet the President's gasohol goals because of the lack of distilleries. The Congress Office of Technology Assessment points out that construction of each manufacturing plant takes at least two years.

There is some question too, about how much "new energy" gasohol would actually provide. Most of the nation's distilleries consume almost as much energy in oil and natural gas as is produced. To save significant amounts of energy, companies would have to burn coal or use waste heat.

The fact sheet put out by the White House deals with the question this way: "Numerous studies have examined this issue and most conclude that the net balance is small but positive, and exact estimates differ, depending on the feedstock and process employed. It is expected



Vice President Walter Mondale and Mr. Churman, chairman of the Iowa Corn Promotion Board, before a corn cob-shaped "gasohol" pump.

that improvement in technology efficiency and ability to utilize feedstock by-products more effectively will improve the net energy balance."

It is a vague answer, typical of many of the list of questions

about gasohol. It is possible that market forces will resolve the problems of large-scale gasohol production. But until that happens, the success of the Administration's programme remains in doubt.

Congress urged to lift interest ceiling

BY STEWART FLEMING IN NEW YORK

THE U.S. Comptroller of the Currency, Mr. John Heimann, urged yesterday that Congress take prompt action to phase out Regulation Q, a Federal Reserve Board rule which places limits on the rate of interest banks and savings institutions can pay on certain types of deposits.

Mr. Heimann said that earlier he had supported a gradual phasing out of the regulation—Congress has been examining legislation which might stretch the process over 10 years—but now, he said, developments over the past year had increased the need for prompt action on reform of financial institutions.

The rapid rise in inflation in the U.S., the accompanying increase in interest rates and the fast growth of new forms of deposit and deposit-taking institution—money market funds, for example, whose assets have expanded five times to over \$58bn in the past year—had

begun to distort seriously the structure of the financial markets.

Regulation Q, for example, limits to between 5½ per cent and 5½ per cent the rate banks and savings institutions can pay on savings of less than \$100,000. As a result, small savers have been shifting their funds out of banks into other financial institutions or into new forms of deposit accounts which offer special high interest terms. These shifts were changing the competitive situation between different types of financial institution, Mr. Heimann said. The savings banks in particular, and therefore the housing market, were suffering.

But the U.S. League of Savings Associations, whose members have assets of \$50bn, oppose a rapid change in the rules because of the restrictions which have prevented them from charging higher rates of interest to borrowers.

Ridley to visit Latin America

By Hugh O'Shaughnessy

MR. NICHOLAS RIDLEY, Minister of State at the Foreign and Commonwealth Office, will visit several Andean countries shortly. In another move to strengthen British relations with Latin America, attempts are being made to persuade President Jose Lopez Portillo of Mexico to visit Britain this year.

Mr. Ridley is to leave shortly for a familiarisation tour of Venezuela, Colombia, Ecuador, Peru and Bolivia. Oil is expected to be high on the agenda in Venezuela and Ecuador.

Britain and the European Community are both keen on improving relations with the Andean countries.

President Lopez Portillo is to visit France, West Germany and Sweden at the end of May.

Though he has not included Britain on his schedule so far, it is hoped that a common Anglo-Mexican interest in world oil problems could eventually bring him to London.

After Monday's election victory by the opposition in St. Kitts-Nevis it is expected there will be early consultation between the new government and the FCO on an independence constitution. Plans tentatively agreed with the government of Mr. Lee Moore, which was defeated this week, included a provision for the independence-minded island of Nevis to secede from the state after a referendum.

Carter's lead 'widening'

By Our Washington Correspondent

THE LATEST U.S. opinion poll shows that 53 per cent of Democrats prefer President Carter, compared to only 23 per cent who lean towards Senator Edward Kennedy. The latest joint CBS Television/New York Times poll, released yesterday, indicated a marked widening of Mr. Carter's lead over his main Democratic rival since the last CBS/New York Times poll in early January, admittedly before Mr. Carter's victory in Iowa, which gave the President only a 10 point margin over Senator Kennedy.

The latest poll's conclusion is that President Carter's stand against the Soviet Union, and his moves to increase defence spending and to introduce registration for possible military service have won him majority support.

Equally surprising is that Senator Kennedy has gained little or nothing from his espousal of petrol rationing and wage and price controls—policies thought to be popular. An even greater change is evident in the Republican race, where yesterday's poll gives Mr. Ronald Reagan only a nine point lead over Mr. George Bush, compared to the 40 point gap that separated the two in early January.

With a week to go before the New Hampshire primary, a statewide poll there, released on Tuesday gives Mr. Bush a narrow lead over Mr. Reagan in the state.

Clark to resign next week

BY VICTOR MACKIE IN OTTAWA

MR. JOE CLARK, outgoing Prime Minister of Canada, has told Mr. Pierre Trudeau the Prime Minister-elect that he plans to resign early next week. Mr. Clark will formally submit his resignation to Mr. Edward Schreyer, the Governor-General, next Monday or Tuesday.

Mr. Trudeau is expected to name his new cabinet before the

end of February. The new Finance Minister must start immediately to prepare a new budget to be introduced early this spring.

A new budget is essential, as the Government is still operating on the long-outdated Liberal budget presented by Mr. Jean Chretien, the former Liberal Finance Minister, in November 1978.

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WORLD TRADE NEWS

W. Germans win big Soviet pipe order

By Jonathan Carr in Bonn

WEST GERMAN companies have won another large order for steel piping from the Soviet Union—a further sign of normal trade relations between the two countries in spite of the political tension over Afghanistan.

Mannesmann Handel and Thyssen Stahlunion are to deliver 700,000 tonnes of large diameter piping this year on order of the Soviet foreign trade organisation, Promsytloimport.

No figure is being given for the value of the business but the new order will guarantee virtually full capacity work for the Muehlheim, Ruhr, works of Mannesmann's pipe manufacturing subsidiary for months to come.

This is the latest in a series of West German-Soviet piping deals which have been one of the mainstays of bilateral trade for a decade. The German companies deliver the piping and the Soviet Union pays with natural gas, pumped not only to the Federal Republic but to Austria and France. Interim credit for the deals is arranged through a consortium of German banks.

Last year West Germany received about 16 per cent of its natural gas from the Soviet Union. Fears have been expressed that should the West decide on a broad trade embargo against the Soviet Union, then Moscow might in turn block its natural gas deliveries. But so far all the signs are that business is proceeding as usual.

U.S.-Soviet trade soared in 1979

BY DAVID SATTTER IN MOSCOW

U.S.-SOVIET trade, which is expected to fall sharply this year in the wake of President Jimmy Carter's economic sanctions, reached an all time high in 1979 on the strength of massive deliveries of U.S. grain.

Figures released by the U.S. embassy showed that both U.S. Soviet trade turnover and U.S. exports reached record levels while U.S. non-agricultural goods exports, buoyed by oil equipment sales and increased deliveries of pressure sensitive tape, turned in their best performance since 1976.

Total trade amounted to \$4.45bn (\$2.16bn), a 61 per cent increase over the 1978 total of \$2.79bn and U.S. exports were

up 60 per cent at \$3.6bn from the 1978 level of \$2.25bn. U.S. agricultural goods shipments, at \$2.85bn compared to \$1.69bn in 1978 were the key to the trade expansion. The U.S. shipped 17.6m tonnes of grain and 1.8m tonnes of soybeans to the Soviet Union in the 1979 calendar year and there were also sizeable exports of inedible tallow for soap production and hides and skins.

U.S. non-agricultural exports amounted to \$742.7m which is a 33 per cent increase over the 1978 total of \$563m. The only year that was better for this category of exports was 1976 when the total was \$819m.

The prospects for trade in

1980, however, are far from encouraging. The Soviets will be able to import only 2.5m tonnes of grain in the early part of the year and about 6m tonnes thereafter amounting to less than half of this year's grain order.

It is still not known what the provisions of the proposed ban on U.S. high technology exports to the Soviet Union will be but it is assumed that they can only have an adverse effect on the manufactured goods trade.

The most important U.S. non-agricultural export was pressure-sensitive tape for wrapping pipelines. Sales of the tape, which does not require a

validated export licence, have not been affected by President Carter's suspension of all valid U.S. export licences. U.S. officials say that exports of the product increased significantly in 1979.

Soviet exports to the U.S. also increased in 1979, largely on the strength of gold sales. Soviet exports to the U.S. totalled \$873m, a 62 per cent rise over the 1978 total of \$540m. Gold sales accounted for \$548m of the 1979 total.

The balance in favour of the U.S. in 1979 was \$2.78bn which was a 60 per cent increase over the U.S. surplus in 1978 of \$1.71bn.

W. German exports to EEC rise by 16%

WIESBADEN—West German exports to EEC countries rose 16 per cent to DM 151.8bn (\$38bn) last year, while imports from Common Market countries rose 18 per cent to DM 141.3bn, the Federal Statistics Office said.

In a regional breakdown of West Germany's 1979 foreign trade, the office said EEC countries' share of Germany's overall imports and exports stood at 48 per cent. In 1978 the EEC share of overall German exports totalled 46 per cent and of imports, 49 per cent.

The statistics office previously announced the West German foreign trade surplus narrowed sharply last year to DM 22.5bn from the 1978 surplus of DM 41.2bn.

In trade with Opec countries, German imports rose 39 per cent to DM 27.0bn, while exports fell 22 per cent to DM 19.2bn. Imports from other developing countries rose 13 per cent to DM 27.4bn while exports were also up 13 per cent to DM 25.9bn.

Developing countries accounted for just under 19 per cent of German imports (18 per

cent) and a good 14 per cent of exports (17 per cent).

In trade with state-trading countries, imports climbed 28 per cent to DM 18.0bn while exports increased 7 per cent to DM 18.8bn.

The U.S. and Canada accounted for an unchanged 8 per cent of German 1979 imports while the export share fell to 7 per cent from 8 per cent in 1978.

German imports from these countries rose 30 per cent to DM 23.4bn last year while exports rose 4 per cent to DM 23.2bn.

Imports from other Western industrialised countries rose 18 per cent to DM 56.8bn while exports to these countries increased 13 per cent to DM 74.7bn.

Co-operation between PENN-WALT, Camberley, sister company Sharples Zentrifugentechnik, Duisburg, and German contractors Lurgi has landed an order for six Sharples P8100 Vertical Super D-Centers, worth over DM 5m (£1.25m), for a polyester plant being built in Nanjing Province in China.

Fibre, steel disputes affect GATT talks

BY BRIJ KHINDARIA IN GENEVA

THE DISPUTES between the EEC and the U.S. over synthetic fibres and steel are holding up GATT negotiations aimed at revising Article 19. This is the so-called safeguards clause which allows emergency measures to limit imports of particular products when they threaten serious injury to competing domestic producers. It is the key issue which was not resolved during the Tokyo Round negotiations.

Developing countries believe the disputes between Brussels and Washington may well strengthen their hand in the safeguard negotiations. These are scheduled to be completed by the end of June following agreement to continue attempts to restore this outstanding issue.

The EEC has long insisted that import curbs on products from specific countries do not violate GATT's Article 19. This is in spite of the fact that it has usually been interpreted to mean that curbs may be enforced only if they affect all suppliers at the same time—a

view which is emphasised by developing countries.

The Community has argued the case on the presumption that such selective safeguard action would never be used against its own exports or those of any other major industrialised trading nation. But it now faces the embarrassment of seeing the U.S. take compensatory action to selectively limit imports of British wool textiles and Italian footwear in response to curbs against U.S. synthetic fibres.

The battle over steel is also being closely watched because it will provide the first test of the effectiveness of the Tokyo Round's most important international code dealing with subsidies, countervailing duties and anti-dumping action.

Officials in Geneva believe that anti-dumping action sought by U.S. Steel against EEC imports, may have to be brought before a GATT panel for a decision on whether it violates Tokyo Round rules.

Algeria and Holland to renegotiate gas contract

By Francis Ghiles

NEDERLANDSE Gasunie and Sonatrach, the Algerian State oil and gas company, are to renegotiate a contract under which the Netherlands and West Germany contracted to buy 11.25bn cubic metres of liquefied natural gas (LNG) annually from Algeria.

The starting date for deliveries is planned for 1984 and the contract will run for 20 years.

Sonatrach is understood to be asking both Gasunie and the West German buyer, Ruhrgas/Sabtrifer, a much higher price for the LNG.

Algeria, one of the oil pricing "hawks" and a leading Opec exporter of LNG is reported to have told one of its major customers, Gaz de France, that the price of gas supplies will have to rise from about \$3 per million British thermal units (BTU) to \$5.6 per million BTU. Sonatrach wants its exported gas to have pricing parity with Saharan Blend crude oil, which costs \$33 a barrel.

Sonatrach is understood to have called in its main customers last month, indicating to them that existing contracts would have to be renegotiated and much higher prices than initially agreed to.

Apart from the companies mentioned, Sonatrach's major customers for LNG in the next 20 years include Districts of Belgium, the State of California, company ENI, Enagas of Spain and four U.S. companies—El Paso, Distrigas, Panhandle and Transline.

Smaller buyers include British Methane, which with Sonatrach is involved in tough negotiations. Austrian, Greek and Yugoslav clients.

Abu Dhabi, another prominent member of OPEC, increased the price of the LNG it sells to Japan from \$2.36 to \$4.70 per million BTU at the end of last year, and at the end of last week, Canada raised the price of gas exported to the U.S. by pipeline from \$2.45 to \$4.47 per million BTU.

Most gas export contracts include a mechanism that enables prices to move in response to increases in the value of crude oil or oil products, but gas exporters in OPEC have complained that, because of historical pricing policies, natural gas is underpriced in relation to its value as a clean, highly flexible premium fuel.

Sonatrach will be the major outside supplier of LNG to Western Europe until the end of this century. Contracts with European buyers amount to more than 40bn cubic metres a year, most of which include start up dates between 1980 and 1984.

South Korea imports show decline

SEOUL—South Korea's Commerce and Industry Ministry said imports for the first 16 days of this month totalled \$349.95m (\$370m), 2.2 per cent less than for the same period last year.

Exports totalled \$572.63m, a 33.7 per cent increase compared with last year comparing the same period.

The Ministry said the main reason for the decline in imports was the cutbacks by major industries following the January 12 won devaluation from 484 to 580 to the dollar.

A French economic mission headed by M. F. Giscard d'Estaing, president of France, Export Import Bank will arrive in Seoul on April 30 for talks on trade expansion, especially joint ventures. Foreign Ministry sources said.

The mission will include leaders from the fields of car manufacture, shipbuilding, electronics and establishing joint ventures.

Singapore deal for McDermott

By George Lee in Singapore

SINGAPORE Airlines (SIA) has awarded the subcontract for the design and construction of its clear span hangar—claimed to be the largest clear span column free structure in the world—to the U.S. oil rig fabrication company, McDermott South-East Asia.

The entire \$6120m (£24m) building contract for the hangar at Singapore's new Changi International Airport was recently awarded to a local contractor, Law Keng Hinat Construction.

The column-free hangar roof will measure 218 metres by 92 metres and will have two 10-ton cranes and four teleplatforms to service aircraft. The hangar will be able to service three Boeing 747s, and two narrow bodied aircraft simultaneously.

Unions back Nissan as Alfa partner in preference to Fiat

BY RUPERT CORNWELL IN ROME

THE MAIN Italian engineering trade unions appear to be leaning towards the proposed deal between Alfa Romeo and Nissan Motor Co. of Japan in preference to the counter offer made earlier this week by Fiat for a joint venture with Alfa.

Sig. Silvano Veronesi, national secretary of the metal workers' union, yesterday described the Fiat proposals as "less substantial" than the Nissan tie-up which would involve, he said, a new factory in southern Italy that would create 1,100 new jobs.

This plant would assemble 50,000 to 60,000 small and medium-sized cars using Nissan bodies and Alfa engines and transmission. Talks between the State-owned Alfa and the Japanese group are at an advanced stage, but nothing has yet been signed.

Other union leaders claimed that Fiat's offer showed "no overall strategy" and that it made no sense to block an Alfa link with Nissan if the latter simply would opt for another joint venture elsewhere in Europe.

A number of Alfa and union officials suspect that Fiat's offer, broadly similar to that of Nissan, is a mere gambit to supply the information particularly to Third-World countries.

Peugeot technology for India Jeeps unit

BY K. K. SHARMA IN BOMBAY

MAHINDRA AND MAHINDRA, India's only Jeep manufacturer, is to sign an agreement with Peugeot of France to obtain technology for a plant to manufacture modern diesel engines, Indian Government approval for the agreement and the establishment of the new plant has already been obtained.

The plant, involving an investment of Rs 116m (\$6.39m) will have an initial capacity of 25,000 diesel engines. These will replace those now being used in the Jeep produced under an agreement with Willys (now American Motors) which has lapsed.

Mahindra and Mahindra's existing plant has a licensed capacity to make 25,000 vehicles and is being used to make both Jeeps and light trucks, but it is considerably underutilised since it produces just 18,500 Jeeps and 4,000 light trucks.

The new engines, which are expected to be in production by 1983 will be used by Mahindra and Mahindra for its own vehicles.

The plant's capacity is limited to 25,000 because the company is one of the "large industrial houses" covered by the Monopolies and Restrictive Trade Practices act (MRTP) which limits their growth. Obtaining permission to install the new plant is itself a major achievement for the company.

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COMPANY NOTICES

NICHOL LTD.

Notice to EDR Holders

The Chase Manhattan Bank, N.A., as Depositary, gives notice that at a meeting of the Board of Directors of Nichol Co. Ltd. held on February 12th, 1980 it was resolved that the following shares be made to holders of common shares of Nichol Co. Ltd. of record as of February 23rd, 1980: 10 common shares held as of record as of February 23rd, 1980, 1980 the shares will be traded on the Tokyo Stock Exchange, capitalization and also on the year end cash dividend which is payable on or before the date of record of the dividend. The Company subject to shareholders' approval and the usual legal formalities of record date February 23rd, 1980, Coupon No. 1 to the EDRs, will be used for the purpose of claiming the free distribution and Coupon No. 9 will be used for claiming the year end cash dividend. Both coupons being deemed to have matured on February 26th, 1980. With effect from that date, both coupons should be presented from any EDR presented for surrender and will not be issued with any new EDRs.

EDR holders are further informed that the register of shareholders of the Company will be closed from March 1st, 1980 and will not be opened to register until the end of May. During this period it will not be possible to register new shares. Shares withdrawn against the surrender of the actual registered or other property to be distributed in respect of each share will be only upon such notice as may be given by the Company. The Company will not be liable for dividends having a record date on or after March 1st, 1980, which will not be paid in all other respects.

The Chase Manhattan Bank N.A., London, as Depositary, February, 1980.

CITY OF COPENHAGEN

US\$25,000,000 8 1/2% 20-YEAR EIGHTH CENTURY LOAN OF 1967

Bondholders of the above loan are advised that the Redemption Date for the 15th April, 1980, is the 15th April, 1980. The US\$25,000,000 8 1/2% loan was effected by purchase. The outstanding balance of the redemption is US\$25,000,000 nominal. HAMBROS BANK LIMITED 21st February, 1980.

Notice to the Holders of Bonds of the Issue 1976-1977-78 of FR. 150,000,000 made by the European Community.

The Commission of the European Communities announces that the annual treatment of bonds amounting to FR. 150,000,000 has been purchased for redemption on April 1, 1980.

NOTICE OF PURCHASE EUROPEAN INVESTMENT BANK

US\$100 million 8 1/2% Dollar Bonds of 1978

US\$100 million 8 1/2% Dollar Bonds of 1978

NOTICE IS HEREBY GIVEN that during the period 15th February 1980 to 15th March 1980, US\$100,000,000 of the above bonds of the 15th February 1978 issue will be purchased by the European Investment Bank.

The principal amount of such bonds to be purchased is US\$100,000,000 nominal.

US\$100,000,000 nominal.

February 1980.

LECTURES

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UK NEWS

THE STEEL STRIKE ENTERS ITS EIGHTH WEEK

Imports beat ports blockade

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

INCREASING NUMBERS of steel stockholders and users are turning to overseas suppliers and using ingenious methods of avoiding the steel ports blockade.

Although these supplies are seen as strictly temporary, the longer-term implications for the British industry could be worrying. Mr. Robert Scholey, chief executive of British Steel, said yesterday: "Our customers are discovering the pleasure of second sourcing from the Continent."

Much of the steel purchased on the Continent is destined for stockholders, some of whom are showing considerable ingenuity in arranging for its transport and delivery. Many manufacturers, who for obvious reasons do not want to be named, agree that they are being offered foreign steel by stockholders.

The degree of dependence on foreign steel at this time differs greatly from one company to another, while the energy with which foreign sources are being pursued depends largely on the level of capacity at which a factory is operating.

In spite of the fact that the ISFC is picketing the London Docks area, stockholders claim that this has been one of the easiest ports through which to bring steel in containers. Out of 100 major ports around the

country, 50 have facilities for roll-on, roll-off traffic, and some smaller ports can also handle this traffic. A strike by stevedores and dockers at London Docks has now halted all movement of cargo in London.

There is also evidence that manufacturers are turning to the Continent for components which British industry is not able to supply because of the steel strike.

One engineering company which is enjoying a continuing high level of demand for its products has increased the proportion of foreign steel which it consumes from around 20 per cent to 60 per cent.

In the first month of the strike, imports of steel amounted to 308,949 tonnes, which was below that recorded by Customs and Excise for December (326,371 tonnes) but much higher than January 1979 (216,544 tonnes).

British Steel said yesterday that it has asked all its customers to send in orders for their estimated steel needs after the strike, and has asked them to put in their maximum demands so that a vigorous steelmaking and re-rolling programme can be started up.

BSC has already promised customers that it will source from the Continent in the initial start-up period in order to satisfy customer requirements.



Confrontation... a steel picket and a Right to Work member face each other outside the Sheerness steel works yesterday.

Corporation prepared to close Llanwern or Port Talbot

BY ROY HODSON

BRITISH STEEL executives are seriously considering whether the planned restructuring of the industry by closures, and by the loss of 52,000 jobs, will go far enough to bring down the Corporation's production into line with realistic sales targets for the 1980s.

Mr. Gordon Sambrook, commercial director of British Steel and a board member, said last night that there is 3m annual tonnes of surplus strip steel production capacity in Britain.

He said: "We have no prospects of putting plant to profitable use after the strike by stepping up our export sales. At the present level of the pound and the low level of world steel prices we would lose a bomb on every tonne of steel exported."

A new forecast that the home market requirement for steel will fall to 14.3m product tonnes in 1980-81 compared with recent levels of 15.5m tonnes is causing concern within the corporation.

'Spin-off'
The plight of the car industry, and the spin-off effect among supporting industries, are the main reasons for the new pessimism in steel demand estimates.

In less than 12 months the strengthening pound plus inflation has cost the corporation £30 a tonne in lower profits upon steel sold into the U.S. which traditionally has been a strong market for British steel making.

Representatives of the cor-

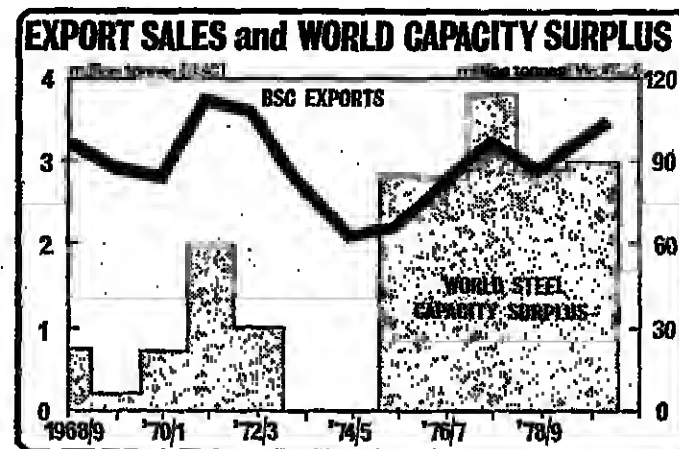
poration, members of the TUC, and European MPs and Common Market officials will discuss the problem facing Welsh coal and steel at a series of meetings today in Brussels.

British Steel will acknowledge that its programme to run down South Wales strip steel making between March 31 and the end of August by cutting out 11,500 jobs from Llanwern and Port Talbot, will have to be postponed because of the strike.

However, the Corporation will insist that the closure programme must be pushed through within four or five months of the ending of the strike if a credible British industry in flat-rolled steel products is to be maintained. The Corporation's slim line plan for South Wales steel is designed to save £70m a year in employment costs. That will represent savings of £20 on every tonne of steel made in South Wales.

The intention is to make 2m tonnes a year at Ravenscraig, Scotland, and to reduce the output of the two South Wales mills to a total of 2.8m tonnes a year.

If it proves impossible to reach agreement about demanding in South Wales, the Corporation is prepared to go for the "hard" option of closing either Llanwern or Port Talbot.



Stocks may survive till next month

By Our Financial Staff

AFTER SEVEN WEEKS of the national steel strike most stockholders seem able to continue supplying customers at least until early next month.

Several major stockholding companies say they can continue supplying mainly because of overstocking by steel-users before the strike began in January.

It appears that a small quantity of steel has also come to stockholders from independent producers in the UK and on the Continent.

Geoffrey Firth, chairman of James Austin Steel Holdings, said that there were already shortages in some product lines, but stocks generally could last 4 to 6 weeks longer.

Decile Steels, Sheffield, estimated that the strike was costing the group about £200,000 a week. Mr. E. H. Taylor, managing director of the stockholding division, said that picketing had allowed only 2,000 tonnes to be moved during the strike.

"We are now very substantially stocked with 20,000 tonnes of steel. In normal times this would be equal to 11 weeks' supply."

At United Spring and Steel Group, West Midlands, stocks are down to about two to three weeks' supply. Mr. D. Westwood, the chairman, said that there was three to four weeks' supply in the docks, "but we can't necessarily get our hands on it."

At the National Association of Steel Stockholders Mr. Alan Kinsley said that he thought supplies would hold out "in the immediate future." Most orders were being filled. Normally he would have expected panic buying, but had heard of none.

ICI plant closure threat under Commission plan

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries could be forced to close three giant chlorine plants if European Commission proposals for controlling mercury pollution in water go ahead.

In the past few years ICI has spent nearly £20m on reducing the amount of mercury discharged into water by its chlorine plants.

Ministers at the Department of the Environment say mercury pollution from UK chlorine producers—BP Chemicals has a chlorine plant at Baglan Bay in Wales and Sandbach in Cheshire—is already being controlled "effectively and economically." They are fighting the European Commission's draft directive on mercury pollution and they have accused other members of the Community of going back on an agreement made in Brussels in 1975.

The department appears to have some confidence that the UK will win its fight to modify the present proposals—if only because of the deal between

Britain and her Common Market partners that was embodied in a 1976 directive on water pollution.

Yesterday the Chemical Industries Association said UK chlorine producers believed that ultimately they would not be forced to close their plants.

The row over mercury pollution stems from the different approaches towards controlling effluent in water that have been adopted by the UK and by other members of the European community. Britain operates a system of environmental quality objectives for controlling water pollution while other European countries favour fixed emission levels.

Under fixed emission level schemes, it is the amount of mercury discharged per tonne of chlorine produced that is measured—not the cleanliness of the water into which it goes. The commission wants the permitted limit to be set initially at 8 grammes of mercury per tonne of chlorine produced. It is suggesting the level be

further reduced to 5 grammes and 2 grammes depending on the production process used by 1980.

Britain's method of controlling mercury pollution is to measure the purity of the water into which the effluent is discharged, enabling water authorities to take into consideration the use to which the water is being put and the number of chemical plants that are discharging effluent into it.

In 1975, Environment Ministers from the Nine agreed that Britain should be able to continue using her own system for the control of water pollution and the commission put forward a suggested environmental quality objective for the UK of 0.5 microgrammes of mercury per litre of water.

Britain says this standard is far more stringent than the fixed emission limits that have been proposed for the other members of the community and Britain claims that other European states are reneging on the 1975 agreement.

Hotpoint and Comet in loss-leader row

BY GUY DE JONQUIERES

A FRESH DISPUTE has broken out between Hotpoint, the General Electric Company's home electrical appliances subsidiary, and the Comet retail chain, over the latter's retail pricing policies.

Solicitors for GEC-Schreiber, the Hotpoint holding company, have written to Comet accusing it of treating Hotpoint products as loss-leaders on which it charged artificially low profit margins in an attempt to attract customers into its stores.

The letter, sent last Monday, asks Comet to supply within 10 days detailed information about its cost structure and margins on products, including its own Newpool brand of appliances. Comet recently launched an aggressive marketing scheme, part of which undertook to sell electrical goods at the lowest prices available.

Mr. Graham Morris, a director of GEC-Schreiber, claimed yesterday that Comet had raised the prices of its Newpool brand since the scheme took

effect, while slashing margins on Hotpoint products to as little as 7 per cent.

This, he said, was well below the 14 per cent gross profit on sales which Mr. Michael Hollingberry, Comet's chief executive, described last April as the "survival margin."

A spokesman at Comet's headquarters in Hull said the company "completely rebutted" suggestions that it used Hotpoint products as loss-leaders.

Comet would reply to the solicitors' letter, but he indicated, would refuse to give all the information Hotpoint sought. Much of this had to do with Comet's internal affairs and was not a concern of a manufacturer.

He said the 1976 Resale Prices Act entitled a manufacturer to withhold supplies if he thought a retailer treated them as loss-leaders.

Surrey Docks short-list scrapped by councils

BY ANDREW TAYLOR

THE MAJOR developers who failed to make the short-list of recommended schemes for the redevelopment of the key 120 acre Southwark site in London's Surrey Docks are to be given a second chance.

Greater London Council and Southwark borough council, joint owners of the site, have at this stage decided to ignore a short-list of five recommended schemes compiled by a working party of its own officers and members of the Docklands Organisation.

Instead, all 15 schemes submitted are to be put on public exhibition next month, after which a new short-list may be drawn up.

The unexpected move was decided at a meeting of senior GLC and Southwark councillors on Tuesday. In the brief given

to contractors and others submitting schemes there had been no mention of the possibility of holding a public exhibition.

The disclosure of the names on the short-list—which included two major Dutch developers and one major French construction group—was understood to have embarrassed the local authorities.

Among the schemes which are to be given an unexpected second chance is a proposal put forward by a consortium which included Sir Robert McAlpine construction group and St. Mary at Hill Properties. Guinness Peat has agreed to arrange finance for this proposed £354m development.

The local authorities hope that they will be in a position to draw up a new short list at the end of March.

Tariffs hit shoe exports

FINANCIAL TIMES REPORTER

THE UK footwear industry yesterday urged the Government to "come to grips" with the increasing problem of protectionist policies being adopted by countries which have in the past been open to UK exports of shoes.

A report published by the Economic Development Committee for the Footwear Industry criticised Government failure to respond to requests for greater fairness in world trade in footwear.

It said that more and more countries were raising tariff and non-tariff barriers against British footwear but no counter measures were being taken by

either the British Government or the EEC.

More than 75 per cent of the world's markets for footwear are protected by significant barriers, quotas or other restrictions. Only the EEC and the U.S. continue to offer relatively unrestricted access.

This means that UK manufacturers face severely restricted export markets as well as increasing pressure on the domestic market as the exports of other countries are diverted to the few remaining open markets.

In 1978, 43 per cent of all footwear sold in the UK was imported while exports, also

affected by the high value of the £, dropped from £102m to £97.5m.

Mr. Spencer Crookenden, chairman of the Footwear Development Committee, said: "One country after another is putting up trade barriers while we are wide open to imports. We want reciprocal trading agreements. Some sort of protectionist policy seems necessary."

The report indicates changes in the UK footwear market, with increased demand for up-graded footwear with leather uppers, while demand for non-leather goods fell in 1978-79.

Lure of Old Masters

BY ANTHONY THORNCROFT

YESTERDAY it was Sotheby's turn to be surprised by the enthusiasm of buyers.

On Tuesday an Islamic bottle, catalogued by Christie's as 19th century, was recognised by a couple of dealers as 15th century, and very rare, and sold for £26,000 as against the pre-sale estimate of £250.

In the Sotheby's Old Master paintings auction yesterday a picture of St. Peter preaching, catalogued L. de la Haye and dating from around 1700, was bought for £15,000, compared with the £600-£800 estimate. Obviously two prospective buyers thought the picture was by an important French artist

and they hid each other up, but Sotheby's is convinced that it is just a version of an altar-piece by Charles Poerson in the style of Hyre and is sticking with its description.

All the top prices in this sale far exceeded their estimates. A still life of flowers by Abraham Dissius went for £2,500, around five times forecast, mainly because it was a pretty picture; and van Haften, the London dealer, gave £8,000 for a coastal scene, catalogued Ruissdai, and estimated at £800-£1,200. Here again Sotheby's is sticking by its opinion that this is a copy of around 1700 in the Ruissdai style.

Coal industry output record

By Maurice Samuels

THE COAL industry hit a four-year record last week with deep-mined output of 2.53m tonnes. Sir Derek Ezra, the National Coal Board chairman, said yesterday.

It followed the recent 6 per cent rise in productivity, a 12 per cent rise in the attendance rate and halving of the amount of coal lost in industrial disputes, he told chartered accountants in London.

In contrast to the decline of the past few years, the industry was making steady

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A fishing fleet sails into oblivion

BY RICHARD MOONEY

THE ANNOUNCEMENT this week that Hull, until recently Europe's most important fishing port, is putting up the shutters, has cast a deep shadow over the whole UK fishing industry. The port Fishing Vessel Owners' Association's decision to go into liquidation came as no great surprise, however. It merely confirmed fears that have been growing ever since Britain joined the Common Market. Fishermen's leaders have warned repeatedly of the impending collapse of the industry unless new fishing opportunities were found to replace those lost off Iceland and elsewhere, and unless Government aid was granted to tide the trawlermen over in the meantime.

But no money has been forthcoming, and only token efforts have been made to establish new fisheries. Hull is not the first port to succumb—the small Scottish port of Granton was forced to

close in 1978—and it will probably not be the last. The question is: where will the axe fall next?

The basic problem is that British trawlermen are not catching enough fish, and not enough of what they do catch is landed at British ports.

The total UK fish catch has declined from about 1m tonnes 10 years ago to an estimated 640,000 tonnes last year. But these figures disguise a major change in catching patterns. Whereas high-value white fish—mainly cod—accounted for most of the earlier figure, about 350,000 tonnes of last year's catch was low-value mackerel, a species for which catches were negligible until a few years ago.

This obviously means that the real value of the catch has declined sharply. But more importantly for the ports, almost all the mackerel is trans-

ported at sea, mainly to Russian factory ships. Actual British landings have been halved.

Such a dramatic cut would have been serious, even if quayside prices had risen to reflect the reduced supply—but this has not been the case. The supply deficit has been made up by imports of frozen fillets and

tried it on last year, its skipper was prosecuted by his own Government.

Britain's fishermen are forced to abide by the letter of EEC law, while their EEC partners have done just the opposite.

A British Fishing Federation spokesman said Dutch, Danish, French, German and Belgian fishermen were all allowed to "cheat" in this way, and all received substantial subsidies from their governments.

BFF figures show that the British deep sea fleet, which numbered 473 vessels at the beginning of 1975, had shrunk to 176 by the end of last year—and there have been further cuts since. The highest reduction has been at Grimsby, which began with a deep sea fleet of 155 and now has only 17, though there has been a compensating increase in the port's inshore fleet. The only port to hold its own in terms of fleet size is Lowestoft, which now has 63 deep sea vessels against 65 in 1975. But with Dutch plaice imports undercutting prices for locally caught fish, even Lowestoft is in danger of going to the wall.

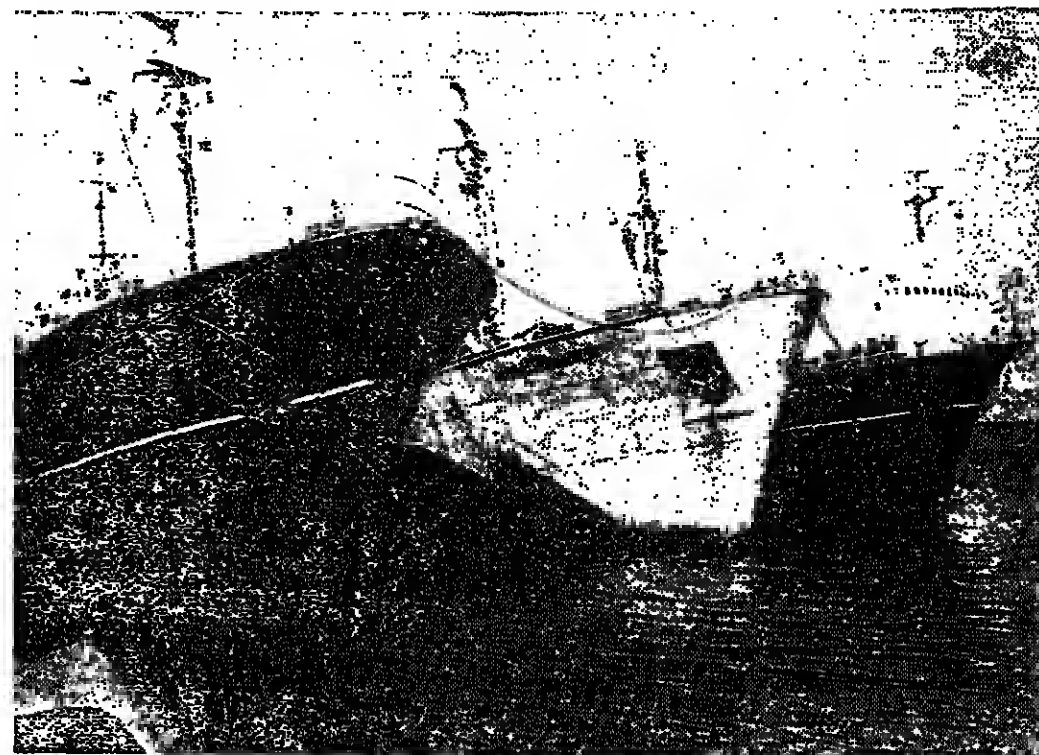
The implications of the decline are clear. Because of the reduced number of vessels, landing dock charges have to be raised to cover costs, putting further pressure on fishermen's profits.

The clearest case of this was at Hull, which was almost entirely dependent on the deep sea fleet. With only 20,000 tonnes of fish expected to be landed this year, the Vessel Owners' Association was forced to raise its wharfage charge to £51 a tonne, compared with about £6 at other commercial ports. The owners said they could not pay it and still show a profit. So the Association, which rents the dock from the British Transport Docks Board for £120,000 a month, was forced to call it a day.

Talks are continuing, but there seems no way the port can be saved.

The other ports are less dependent on deep sea trawlers and so are less vulnerable, but with costs rising and fishing prospects deteriorating most can see a time when they will be forced to shut.

Even Falmouth, which should have had a bright future as a result of the rapid growth in the South-West mackerel fishery, has had its prospects blighted. There were plans to build onshore processing facilities there and to commission processing vessels so that more added value from the mackerel catch could be kept in Britain. But the plans have now been drowned in recognition of the possibility that there may soon not be enough British trawlers left to supply a domestic processing industry.



The shape of things to come... laid-up trawlers reflect the parlous state of the fishing industry. Fishermen blame Common Market policies, and Government reluctance to help the industry to survive.

If the big trawlers are all laid up and all the big ports are forced to close, Britain's smaller ports could benefit in the short term as the remaining inshore and middle water vessels seek new home bases. But the profitability of the smaller vessels is also under pressure, and it might be only a matter of time before the small ports begin to follow their

bigger brothers into oblivion. The BFF is keeping up pressure on the Government to bale out the industry with cash aid for "mothballing" vessels which could have a future if circumstances improved, and for "decommissioning" less hopeful cases. It also wants more work to be done on finding new species for the British to exploit, and some sort of

assistance to make catching them economic while new markets are developed.

But these suggestions have a forlorn ring, and more and more people in the fishing industry are becoming convinced that, by the time an equitable Common Market fishing policy is agreed, Britain will no longer have a viable fleet to benefit from it.

Bank role in money markets criticised

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK may have passed the turning point of monetary expansion, provided that the Bank of England ceases to intervene on a large scale in foreign exchange markets, stockbrokers W. Greenwell and Co. say in their latest monetary bulletin published this morning.

The brokers, among the leading monetary commentators in the City, are cautiously optimistic after what they describe as the disappointments of last autumn. Some analysts are less bullish and believe the turning point could be slightly later, possibly in the early summer.

The bulletin points out that in the seven months since mid-June, the base for the current target range, the underlying growth of sterling M3, the broadly defined money supply, has been between 1 and 2 points above the top of the 7-to-11 per cent range. Monetary growth in the past three months, however, has been much lower than in the previous four months.

The brokers express a major reservation about the large scale of recent official intervention in the foreign exchange

markets moderating the rise in sterling, and they say this can have dangerous consequences for the growth of the money supply.

Greenwell say this intervention should cease. In a comment written before Tuesday's action by the U.S. Federal Reserve Board, the brokers say the ideal solution would be for the U.S. authorities to tighten their monetary policy immediately, which would remove the source of the UK's problem.

"But if this does not happen and if sterling continues to rise, the appropriate policy response for the UK authorities will be to impose temporary incoming exchange controls."

The brokers maintain that if the UK already had an efficient monetary base system of control and if the authorities had not intervened directly in the foreign exchange markets, the rise in money market rates of interest since the turn of the year would certainly have been less.

The bulletin says that there is some indication that bank lending is starting to fall.

Scientists share £61,000

BY ELAINE WILLIAMS

EIGHT SCIENTISTS are to share £61,000 for their contribution to developments in optoelectronics, the science of electronics using light.

For work which led up to the invention of materials for use in liquid crystal displays—found in pocket calculators and watches—£40,000 goes to five scientists from the Royal Signals and Radar Establishment in Malvern and Hull University.

Professor Cyril Hilsom and Dr. Edward Raynes of RSRE, and Professor George Gray of Hull University will receive £10,000 each while £5,000 each goes to Dr. John Kirtan and Dr. Kenneth Harrison.

Three other winners, each receiving £7,000, are Dr. Denis Baylor, Dr. Trevor Lamb and Dr. Kins-Wai Yan for joint work on techniques which have led to greater understanding

into the workings of the eye's sensitivity.

The prizes will be given on March 4 at the Royal Society by Sir John Davis, chairman of the Trustees who administer the funds.

London 'losing traffic wardens'

LONDON IS losing its traffic wardens, and unless there is a halt in manpower wastage it could be without a viable service in six months, Mr. Les Moody, general secretary of the Civil Service Union, said at a London Press conference.

Two years ago the approved strength for the Metropolitan Police area was 1,800. At the end of last month manning had dropped to 1,081. Mr. Moody called for better pay to stop the decline.

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UK NEWS

Howe defends tight monetary policies

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor, has provided MPs with his longest explanation so far of the assumptions and beliefs underlying the Government's economic strategy. He thinks the speed with which a tight monetary policy affects the inflation rate depends on market expectations and on pay negotiations.

This is one of the central themes of a letter from Sir Geoffrey to Mr. Edward du Cann, the Tory MP for Taunton and chairman of the all-party Commons Select Committee on the Treasury and Civil Service.

The letter is in response to a request from the committee for answers about a number of aspects of monetary policy. This is intended to provide background for a major inquiry into monetary policy which the committee intends to undertake after the Budget.

A number of MPs on the committee are believed to have been disappointed that Sir Geoffrey's reply does not provide more supporting evidence for his beliefs. It is likely that the inquiry will, among other points, examine the detailed mechanics of monetary policy.

Sir Geoffrey says: "The ways in which control of the money supply affects the growth of money national income and ultimately prices are complex. Lower monetary growth may be expected to result in a lower growth of money incomes and nominal expenditure, because of its effects on the exchange rate and asset prices and the fiscal changes required to achieve lower monetary growth."

"Lower growth of money incomes will ultimately lead to lower inflation. The speed at which this occurs depends crucially on expectations in both domestic and external markets, and in particular on

the effects on domestic pay negotiations. The more moderate are pay settlements, the faster will be the adjustment of prices and the smaller any transitional effects upon profits, output, investment and employment."

Strong pound

Sir Geoffrey stresses that monetary policy is essentially a medium-term policy. "The practice of publishing targets for the monetary aggregates is of relatively recent origin in this country, dating from 1976. The UK's experience, therefore, is limited so that past experience may not be a good guide to developments in the new situation."

"The Government's commitment to a firm monetary policy has contributed significantly to the strength of sterling. A high exchange rate has a direct beneficial effect on inflation through the reduction in the cost of imports."

"For the future, I believe that the Government's determination to maintain a strict monetary policy will have an important influence on inflationary expectations."

He repeats that the Government's longer-term aim is to reduce the basic income tax rate to no more than 25 per cent.

The Treasury and Civil Service Committee yesterday also published papers on the suggested contents of the annual public expenditure White Paper from Mr. Terry Ward, of the Department of Applied Economics at Cambridge, and Dr. Alan Budd, of the London Business School, both of whom are specialist advisers to the committee.

As foreshadowed in Monday's Financial Times, the papers suggest a number of improvements including fuller compar-

son of public spending plans and performance and more discussion of the economic background.

Mr. Ward says there needs to be a more open and realistic discussion of economic prospects and Government policy, and the recent trend towards the provision of more information of a non-financial kind should be extended.

There ought to be a more systematic attempt to relate public spending plans to the expected call on services.

Mr. Budd calls for greater information in the White Paper showing how public spending plans contribute to the Government's strategy of controlling monetary growth and containing public sector borrowing.

Ulster MP joins row over PLO

ULSTER UNIONIST European MP Mr. John Taylor yesterday joined the row over Irish Foreign Minister Mr. Brian Lenihan's call for recognition of the Palestine Liberation Organisation.

Mr. Taylor said in Brussels that the people of Northern Ireland had been embarrassed by Mr. Lenihan's "appalling comments."

Mr. Taylor said he was not surprised at the enthusiasm of the Irish Government for the opening of a PLO office in Dublin. "The PLO and the IRA have been in regular contact during the past 10 years as I know from my earlier years as a member of the Northern Ireland Security Council," he said.

Councils in grants change bid

BY ROBIN PAULEY

LOCAL AUTHORITIES have produced alternative proposals to the Government's controversial plans to introduce a block grant system to replace the rate support grant.

The main proposal would be for a system of assessing local authorities' needs element—the amount local authorities need to spend to maintain standards of service similar to each other.

"The plan suggests that the needs assessment of an authority should not change on a year-by-year basis, by more than a specified margin. This margin would be limited to a percentage of local authority current-account spending."

The needs assessment would be a single figure covering all the services of any authority, and not split between services or groups of services.

The plan is put jointly by the Association of County Councils, Association of District Councils, Association of Metropolitan Authorities, London Boroughs Association, and Greater London Council.

The five, all Tory-controlled, have been unanimous in condemnation of the system of block grant support in the Local Government Planning and Land Bill, now before Parliament.

The authorities considered the problem of limiting commitment to grant under the resources element—which compensates councils for differences in rateable values—and breaking the existing automatic link between resources grant and expenditure.

Institutions 'should aid NEB link with industry'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN APPEAL to financial institutions to help the National Enterprise Board develop a new partnership with the private sector and reinvigorate key sections of industry was issued last night by Sir Arthur Knight, the Board's new chairman.

In his first public speech since he succeeded Sir Leslie Murphy as chairman last November, Sir Arthur described the NEB as a "benevolent but involved shareholder" which wanted to help establish a "greater role for market forces and disciplines."

But in a speech which indicated some criticism of the Government's policies, he said it was irrelevant to argue that "impersonal market forces" would alone cope with Britain's industrial problems. He suggested that the NEB could help in partnership with the private sector.

His remarks reflect the NEB's new role under the Industry Bill now passing through Parliament which, together with accompanying operating guidelines, requires the board to maximise private sector investment in its projects.

Speaking to the National Association of Pension Funds last night, Sir Arthur said: "We have in the NEB the beginning of a mechanism which can do for certain industrial situations what the developers and estate agents have done for property, by binding perhaps its responsibilities with other institutions' power."

Stressing the way the NEB's industrial experience could complement the operations of financial institutions, Sir Arthur said the board had "considerable knowledge and understanding of particular sectors."

General economic problems made it even more urgent that the right industrial decisions should be taken affecting what

happens for the next 10 to 15 years. "There is scope for differences of view on these matters," he said. "We need instruments which open up possibilities for alternative decisions—the NEB is one of them." But a "responsive investment community in the private side" was also needed.

The NEB saw itself as a "benevolent shareholder" in that it was prepared to wait longer than most institutions for a return on its investments. It was an "involved shareholder" because it was not afraid to "get to grips directly with a company's problems, including strengthening the

management." On a national perspective, Sir Arthur backed the Government's wish to reduce the role of the state and establish a greater role for market forces and disciplines. "Our past experience in this country teaches us that we advocate intervention to deal with imperfections in the market at our peril. But our situation is dangerous. We are in peril any way."

The NEB had a role in helping a Government's industrial policy in this situation, which should involve "the feeling that the Government should take an interest."

Warning on risks of PWR reactors

BY MAURICE SAMUELSON

IF BRITAIN switches to pressurised water reactors for its nuclear power stations of the future, it might be courting the kind of risks demonstrated at last year's near-catastrophe at Three Mile Island in the U.S., MPs were told yesterday.

The warning came from Sir Alan Cottrell, the former chief scientific adviser to the Cabinet and one of the world's leading authorities on nuclear containment. His statement, to the Energy Select Committee, conflicted with last week's assertion by Dr. Walter Marshall, deputy chairman of the Atomic Energy Authority, that if Britain did not go ahead with the controversial U.S.-designed PWR system, it would be like driving on the left-hand side of the road while the rest of the world drove on the right.

Sir Alan said that Britain should nonetheless continue to build Advanced Gas-cooled Reactors, which were safer and in which it had amassed considerable experience. Crisis management in an AGR was easier and operators in an AGR would not

have had to face the problems which occurred at Three Mile Island.

The Three Mile Island accident, he said, had demonstrated the disadvantages of using water, rather than gas, as a coolant. Whereas gas retained its physical state, water had to be pressurised, and could turn to steam.

At Three Mile Island, operators had had to deal with rapid changes in the reactor, false indications of the physical state of the coolant and rapid overheating of the radioactive fuel due to disappearance of the water.

A further disadvantage of the PWR was that there would be no early signs of future failure in the form of small, slowly growing perforations before the vessel burst apart. The vessel walls had to be very thick and a growing crack, while under operational pressure, could "spread to form a major break within a millisecond."

To avoid such an accident there would have to be rigorous safeguards and tests.

Dover cargo rise slows

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THERE WAS a sharp jump in Dover traffic through Dover, Britain's leading ferry port, last month. But there are signs that the spectacular growth in freight traffic is starting to slow down for the first time in a decade.

The number of passengers through Dover in January rose 18 per cent to 278,008. There were 46,742 accompanied vehicles—a 10 per cent increase. But freight traffic through Dover, which had been growing at an annual rate of 15 per cent, rose only 1.9 per cent. Other roll-on/roll-off freight fell by 11.3 per cent.

The Dover Harbour Board attributes the drop in traffic to industrial action elsewhere which has reduced the port's throughput by up to 100 vehicles a day. The port authorities believe that the freight figures for February will be well down on last year's figure and the overall growth for 1980 is expected to be lower than in recent years.

The number of bovercraft

sorties in January was up by 75 per cent and ferry services were up by 14 per cent, reflecting the increased capacity being brought on stream by the major operators.

New plea for 1988 Olympics

LONDON must not lose the chance of hosting the 1988 Olympic Games, Mr. Dick Jeppia, Sports Council chairman, said yesterday.

In a letter to Sir Horace Cutler, leader of Greater London Council, he said: "In view of the fact that it would appear Dockland is now out of the question, the Sports Council would like you to consider the possibility of Wembley as the venue, once the present difficulties over the Games have been resolved."

January truck sales up by 10%

By Kenneth Gooding, Motor Industry Correspondent

THE HIGH demand for commercial vehicles continued into January. Sales were more than 10 per cent up on the same month last year.

According to Society of Motor Manufacturers and Traders' statistics released yesterday, new registrations of commercial vehicles were 2,195 above the January 1979 level at 24,090.

Importers improved their share of the market to 23.61 per cent against 21.42 per cent in January last year. The main factor responsible for this was the shortage of commercials from Bedford, the General Motors' subsidiary. The impact of the 11-week strike at Bedford and its parent company Vauxhall last autumn is now beginning to show in the market place.

There is always a delay before production problems appear in the sales statistics because many commercial vehicles go to body builders before they can be completed and registered.

In the event, Bedford's January registrations dropped to 2,656 (4,593). Among the other major UK producers, Leyland Vehicles' registrations were about the same at 1,905 (1,916), but total BL commercial sales were down 6,175 to 4,996 (6,173), mainly because there was a sharp drop in sales of car-derived vans.

Ford, which in January 1979 was still feeling the effects of its autumn 1978 strike, had 5,741 January commercial registrations (4,661).

Dodge, the PSA Peugeot-Citroen subsidiary, also marked time with sales a little better at 1,101 (1,067).

Among the importers, Daimler-Benz of West Germany (the Mercedes group) overtook Volvo of Sweden as the top importer of trucks and artics. D-B sold 352 heavy commercials and Volvo 359.

Total registrations of heavy commercials rose to 6,162 (5,115) of which imports accounted for 1,555 (1,039). Van sales rose to 9,269 (7,771) of which 2,678 were imports (1,858).

Registrations of car-derived vans fell to 1,192 (8,099). Imports fell to 1,102 (1,587). This part of the market reflects current economic conditions fairly quickly and seems to be indicating that the steam will soon go out of the commercial vehicle market.

The society's forecast for 1980 is that sales could drop to about 280,000 from 380,500, with light commercials down to 185,000 (220,000) and heavies to 65,000 (77,000).

Cathedral plea

A £450,000 development programme is being launched today by Wakefield Cathedral to build a memorial hall as a tribute to the late Bishop Eric Treacy, Bishop of Wakefield from 1968 to 1977, and for repair and renovation of the cathedral building.

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This is the 14th year of the award. Its purpose is to encourage high standards in industrial building and engineering works. All

designers of industrial buildings may enter irrespective of their professional category in the building industry.

There will be two architect assessors, approved by the Royal Institute of British Architects, and one lay assessor, appointed by The Financial Times. Applications must be received

by May 16. The winner and those commended will be named on December 5.

Application forms can be obtained from The Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF, with envelope marked "Industrial Architecture Award" in top left hand corner.

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51,000 Coupon Debentures Bearing the Prefix Letter M																							
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The Debentures specified above are to be redeemed for the Sinking Fund (a) at the W. C. G. Bond Warehouse and at Citibank, N.A., Trustee under the Indenture referred to above, No. 111 Wall Street, in the Borough of Manhattan, the City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A., in Amsterdam, Frankfurt/Main, London (Citibank House), Milan, Paris and Brussels, and Banque Internationale de Luxembourg, Luxembourg. Payments at the office referred to in (a) above shall be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City on or after the redemption date, interest on the said Debentures will cease to accrue, and upon presentation and surrender of such Debentures with all coupons appertaining thereto maturing after the date fixed for redemption, the principal amount will be made at the said redemption price out of funds to be deposited with the Trustee, after the redemption date there will remain outstanding \$4,000,000 principal amount of Debentures.

Coupons due March 15, 1980 should be detached and presented for payment in the usual manner.

Beatrice Foods Overseas Finance N.V.

By: CITIBANK, N.A., as Trustee

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M 417	1788	3267	4267	4543	4695	4998	5039	5090	5387	6196	7334	8242	8781	9318	10458	12614	13236	14480
1267	1321	3697	4388	4505	4612	5099	5060	5108	5388	6197	7335	8243	8782	9319	10459	12615	13237	14481
1278	1347	4638	4419	4585	4620	5100	5108	5108	5389	6198	7336	8244	8783	9320	10460	12616	13238	14482
1284	1348	4639	4420	4586	4621	5101	5109	5109	5390	6199	7337	8245	8784	9321	10461	12617	13239	14483
1344	1356	4640	4421	4587	4622	5102	5110	5110	5391	6200	7338	8246	8785	9322	10462	12618	13240	14484
1345	1357	4641	4422	4588	4623	5103	5111	5111	5392	6201	7339	8247	8786	9				

South Wales miners vote for all-out strike

BY ROBIN REEVES

A SOUTH WALES miners' delegate conference agreed unanimously to join steelworkers in an all-out strike by the coalfield's 27,000 miners from next Monday. The action is against the threatened run-down of the steel and coal industry in South Wales and major redundancies planned elsewhere by the British Steel Corporation.

Mr. Emyln Williams, the South Wales miners' president, accepted it was an act of political confrontation and in defiance of the appeal from TUC leaders on Tuesday for restraint by the Welsh trade union movement. "But in our view, the

steelworkers can't be left to fight alone. We shall be missing back to work and are defeated on jobs," he said. The miners' objective was to retain the basic industries of steel and coal. "Our stance is no job losses," Mr. Williams said.

Strike committee representatives from BSC's Port Talbot and Llanwern works gave the steel workers a commitment that would not return to work until the jobs issue was resolved satisfactorily.

BSC wants to halve steel production at Port Talbot and Llanwern to 2.75m tonnes,

creating 11,300 redundancies. It forms part of the pre-strike crisis package to cut BSC's capacity to 15m tonnes a year and reduce the labour force by 52,000 to 100,000 jobs.

These cuts also threaten pit closures and redundancies because of the reduced demand for coking coal in South Wales. But the Kent, Durham, Scottish and Staffordshire coalfields could also be affected. Yesterday's strike decision is subject to endorsement by pithead mass meetings or ballots over the next two days, but this is considered no more than a formality.

Once the strike starts, Mr.

Williams stressed the miners would seek to spread the action to other coalfields. "We shall move into areas where we know we have support," he said. The stoppage would be called off only when they received undertakings from the TUC general council that it would take a more positive role in fighting the threatened job losses in the steel and coal industries.

Mr. Williams said he would have preferred to be taking action under the umbrella of the Wales TUC which, under pressure from TUC, has abandoned its March 10 deadline for industrial action against

closures. "But we have been forced into a position where, if the steel workers go back, we will face closures in pits," he added.

MR. PHILIP WEEKES, National Coal Board area director, said of the executive decision: "This is madness and I would like to know who will bail us out this time. We have just had massive financial aid from other coalfields to help us save a large part of our market share. "I am not interested in politics. I am interested in pits. Markets, jobs and prospects have never been more seriously threatened than by this single tragic act."

Chemical unions to meet BSC

NATIONAL OFFICIALS of four trade unions with members in the chemical industry will meet British Steel Corporation representatives in London next Wednesday for talks on pay and on BSC's withdrawal from the industry's national negotiating machinery.

The unions are the General and Municipal Workers; Transport and General; Amalgamated Union of Engineering Workers; and the Electrical, Electronic, Plumbing and Telecommunications Union.

BSC has already offered, on a local basis, a 7 per cent basic pay rise to BSC Chemicals' employees in Scotland, the North-East and Yorkshire. BSC Chemicals employs about 3,000.

"The corporation has totally mismanaged this issue, and I am afraid they will have to face it on Wednesday," said Mr. David Warburton, GMWU national industrial officer, yesterday. Mr. Warburton accused BSC of having blundered its way into a problem in its chemical division for two reasons. "First they pulled out of the national chemical industry negotiations without either informing the Chemical Employers' Association or the union."

"Second they seek to impose a pay settlement on our members. BSC Chemicals on the same lines offered to steelworkers. This is unacceptable. "BSC now find themselves in a situation in which they come into conflict with us on their attitude in chemicals as well as steel."

"They apologised to the Chemical Employers' Association on February 15 for failing to tell them that BSC was abrogating its commitment under the National Chemical Agreement. It was a unilateral decision."

A week tomorrow a national pay claim for chemical workers generally, expected to be about 20 per cent on the national minimum rate, will be presented to employers.

Top civil servants keep strike weapon

BY PHILIP BASSETT

SENIOR civil servants have rejected the idea which has been canvassed in Government circles of a no-strike clause. They believe the Government would be unlikely to give sufficient guarantee that it would honour existing pay agreements in return.

The rejection of the idea by the Association of First Division Civil Servants, which with a linked tax union represents about 10,000 senior Whitehall staff, including some departmental permanent secretaries, is an indication of the increasing belief among senior civil servants that industrial action has to be taken as a last resort in disputes.

It follows the unprecedented decision of the FIDA executive last year to join other Civil Service unions in a one-day stoppage over pay, and a decision at the union's annual conference last year which cleared the way for further action.

FIDA officials said yesterday the union was attracted by the idea of a no-strike clause and would give it careful consideration if it were

seriously proposed by the Government.

But the Government would have to guarantee a fair deal on such matters as pay and unfettered arbitration. There would have to be a "reasonable expectation" that successive governments would honour such an agreement.

Whitehall sources said there would be difficulties introducing such a clause for only one of the nine Civil Service unions and that the Government might be unwilling to create an "elite" with cast-iron pay agreements, particularly from such a senior section of the Civil Service.

The rejection is contained in a discussion paper on industrial action drawn up by the union's executive in response to last year's action and in time for this year's annual conference.

While treading very carefully to avoid any accusations of being precipitate industrial action or failing to consult fully union membership, the document does "all" the union to the idea of action.

It is likely that amendments to the paper at the annual conference would dilute its thrust

rather than give it further force.

It makes clear that the union will maintain its political neutrality and will not take any action for political purposes or in defiance of the law or in ways inconsistent with the TUC's guidelines on action.

Though FIDA officials support the common approach towards industrial action being taken this year by the Civil Service unions following deep splits between them during last year's dispute, the executive states that the union will not be bound or pressured by other unions' decisions or actions.

The FIDA is unique among Civil Service unions in that it has no power to instruct its members but only to advise them of what it sees to be the best responses.

The paper plots an "extremely sensitive" scale of different forms of action, rising from deputations to ministers, withdrawal of goodwill and finally to either selective or complete strikes. At each stage the union commends different forms of consultation with members.

A total strike for one day or less should, if time permits, only be called after a ballot wherever possible. A strike for more than one day could only be called after a ballot.

The paper also rejects the idea practised by some Civil Service unions of a separate strike fund drawn from increased membership subscriptions.

The Society of Civil and Public Servants said yesterday that evasion of VAT payments was costing the economy as much as £750m per year. The elimination of this would be equivalent to a 10 per cent reduction in the present VAT rate of 15 per cent.

Call for action to defend UK car industry

By Our Labour Staff

MR. ROY GRANTHAM, general secretary of the Association of Professional, Executive, Clerical and Computer Staff, has called on the Government to defend BL and the entire British motor industry against unfair competition in the home and export markets.

In a letter to the Prime Minister, Mr. Grantham attacked Government policy for penalising BL through the maintenance of high interest rates.

He also called for immediate talks with Spain about "prohibitive" duties on car imports which resulted, he said, in only 300 UK car exports to Spain, compared with 50,000 Spanish car exports to the UK.

Mr. Grantham also complained about the Government's failure to tackle car dumping from Eastern Europe and its acceptance of "opaque if not ambiguous" agreements with Japan on limiting car exports.

New offer may end London docks strike

By Our Labour Staff

A REVISED pay offer, said to be worth 14 to 15 per cent, raised hopes yesterday of an end to the strike at the London Enclosed Docks by the weekend. The strike is more than a week old.

Strikers in the Riverside wharfs who were brought out in sympathy are expected to return to work today following the proposals.

The offer, which was jointly recommended by the London ports negotiating committee, has to be formally accepted by local leaders in the National Amalgamated Stevedores and Dockers Union before a mass meeting of dockers tomorrow. The offer gives a £12 minimum pay increase to all grades with a 12 per cent improvement in bonuses and allowances. Striking members of the Transport and General Workers' Union ended a mass meeting yesterday without voting on the latest terms, but the union is expected to call an early ballot on the offer if it is accepted by members of the stevedores' union.

Water workers say No to 19.2% rise

BY PHILIP BASSETT, LABOUR STAFF

WATER WORKERS in the National Union of Public Employees have narrowly rejected a pay offer of 19.2 per cent. The offer will in any case be improved today in pay talks between the four unions involved and the National Water Council.

The NUPE rejection, which covers about 10,000 manual workers in the water supply and sewerage industry, follows that of the majority union in the industry, the General and Municipal Workers' Union. Two other unions, the transport and agricultural workers, are expected to follow suit today.

The 19.2 per cent offer was rejected by 52.1 per cent (3,163 workers) to 47.9 per cent (3,821). The result of the ballot was presented to the union's Water National Committee yesterday. Union negotiators were advised to obtain further improvements in the package at today's talks.

Though the rejection was much closer than the overwhelming vote of the GMWU last week against union recommendation, much of the voting toward it was complete before the GMWU delegate conference made its unexpected decision.

Since the lead to reject the offer was given by the more moderate GMWU members,

voting in the NUPE ballot and in those of the other unions swung against accepting the package.

The closeness of the vote will be seen by the employers' side as an encouragement before the pay talks resume today.

The threat of a strike from Monday by GMWU members has been deferred pending the meeting's outcome.

Mr. Ron Keating, NUPE assistant general secretary, said that the committee had further discussed industrial action after it considered the vote, but would await the result of resumed negotiations.

The improved offer which he expected to be tabled today would have to be put out to the membership again before any deal was struck.

The most likely option for the council to take up to today's talks is to backdate a payment for comparability with the gas and electricity industries, which would add about 2.2 per cent to the offer.

The negotiations will be influenced by the fact that workers in the main union in the gas industry, one of the water workers' two "comparators," have rejected their negotiators' recommendation to accept a pay package worth about 17 per cent.



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GROUP RESULTS FOR THE YEAR ENDED DECEMBER 31 1979

The following are the audited consolidated results of the group for the year ended December 31 1979 together with comparative figures for 1978:

	1979	1978
Turnover	R9000	R8000
	77 341	62 746
Profit before taxation	13 542	9 180
Less: Normal and deferred taxation	4 983	3 515
Profit after taxation	8 559	5 665
Less: Outside shareholders' interest	1 153	964
Profit available for distribution	7 406	5 001
Less: Preference dividend	53	55
Profit attributable to ordinary shareholders	7 351	4 946
Ordinary dividends declared:		
No. 65 of 16 cents a share declared July 27 1979	814	600
No. 66 of 32 cents a share declared February 20 1980	1 639	1 200
	2 443	1 800
Ordinary shares in issue (000)	5 090.5	5 000
Earnings per share—cents	144	93.9
Dividends per share—cents	48	34

NOTES:

- The company, together with its wholly owned subsidiaries, changed its policy of valuing manufactured goods and raw materials from the first-in, first-out (FIFO) method to the last-in, first-out (LIFO) method. The change to LIFO reduced the group's taxable income for 1979 by R1 652 000 and taxation by R619 000. The change to LIFO is not expected to affect materially the dividend policy.
- With effect from January 1 1979 the company acquired the 50 per cent interest in Vitro Clay Pipes Limited, which was previously owned by Anglo American Coal Corporation Limited, for R450 000. The 1979 group profit now includes 100 per cent of the Vitro profit which was R471 000 for the year.
- During 1979 an extraordinary profit of R1 213 000 was earned and transferred to non-distributable reserves. This item represents the excess after taxation of the selling price of the assets pertaining to the group's chrome mining operations over the net book value of those assets which were sold to Marico Chrome Corporation (Proprietary) Limited, a company which is now jointly owned by Vereeniging Refractories and Arco Broune (Proprietary) Limited.

ORDINARY DIVIDEND No. 66

Dividend No. 66 of 32 cents per share (1978: 24 cents) being the final dividend for the year ended December 31, 1979, has been declared payable to members registered in the books of the company at the close of business on March 7 1980. This dividend, together with the interim dividend of 16 cents per share declared on July 27 1979, makes a total of 48 cents per share (1978: 38 cents).

The transfer registers and registers of members will be closed from March 8 1980 to March 21 1980, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about April 2 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on March 25 1980 of the rand value of their dividends, less on March 25 1980 of the rand value of their dividends, less appropriate taxes. Any such shareholders may, however, elect appropriate taxes. Any such shareholders provided that the request to be paid in South African currency of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before March 7 1980. The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the Head Office and London office of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

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UK NEWS — PARLIAMENT and POLITICS

Walker wants EEC to keep butter subsidy

BY IVOR OWEN

DETERMINED EFFORTS to secure EEC agreement to the continuation of the special UK butter subsidy — currently worth 13p per pound — were promised by Mr. Peter Walker, the Agriculture Minister, in the Commons last night.

He envisaged another prolonged exercise in hard bargaining and hinted that final agreement on the 1980-81 farm prices proposed by the EEC Commission may not be reached until June.

Mr. Walker, with strong support from both sides of the House, underlined his determination to concentrate attention on the need to reduce the massive expense borne by taxpayers in disposing of food surpluses.

He stressed that the special



WALKER: Tough negotiations.

butter subsidy, which brings a net benefit of £75m a year, was at least one small way of helping to remedy the injustice which Britain suffers under existing EEC budgetary arrangements.

Mr. Walker said he had told his colleagues at the EEC Council of Agriculture Ministers in Brussels on Monday that since Britain is by far the largest net contributor to the Community budget, it had a special concern to see that the cost of the Common Agriculture Policy was brought under control.

He had protested that the Commission's own proposals would produce only a relatively small overall saving on the estimated budgetary cost of the CAP, and this would only be achieved by the raising of substantial additional revenues through the proposed levies on milk.

Amid cheers Mr. Walker emphasised: "I said that firm price restraint was necessary, particularly for those commodities in structural surplus, including milk, sugar and wine."

Dealing with milk, "the main problem commodity," he complained that the Commission's proposals were intended to prevent further surplus, and would do nothing to tackle the level of the existing surplus.

In calling for a plan to achieve a steady reduction in all surpluses, he had also opposed the exemptions from the co-responsibility levy on milk, which would discriminate against the UK, as well as the Netherlands and Denmark.

Mr. Roy Mason, Labour's Shadow Agriculture Minister,

recalled that last year Mr. Walker had failed to maintain his original stance in support of the EEC Commission's proposal that there should be a general freeze on prices.

Pressing for an assurance that the Minister would not give way again, Mr. Mason insisted: "You must be as tough this time as the French have been against you on lamb."

To Labour cheers, he declared: "British consumers and taxpayers now want a total freeze on prices, an end to subsidised food mountains and a promise that the CAP will be reshaped to give us a better deal."

Mr. Walker accused Mr. Mason of adopting an extraordinary attitude for someone who had been a member of a Cabinet which had agreed to a rise in every price at every EEC price fixing.

Last year's price negotiations, which were concluded after the election of the Conservative Government, had been the first from which Britain had emerged with a price advantage.

Mr. Tony Marlow (C, Northampton North) warned that many people in Britain were "fed up" with seeing vast amounts of money being spent on food surpluses produced by richer countries in Europe.

He believed that there was a real risk that a majority, including a large number of MPs, would want to follow the French suggestion that Britain should become an associate member.

Mr. Walker replied that there were a number of important political and economic factors which made it very important that Britain should remain in the EEC.

Callaghan rejects 'rolling manifesto'

By Elinor Goodman, Lobby Staff

Mr. James Callaghan, the Labour leader, yesterday rejected calls on the party's home policy committee for the introduction of a "rolling manifesto" as a means of ensuring that the Parliamentary leadership was never able again to steamroller its manifesto proposals through the national executive committee at the last minute before an election.

At what was for the most part a friendly meeting between the Shadow Cabinet and the national executive, Mr. Anthony Wedgwood Benn and Mr. Eric Heffer proposed that in future a draft manifesto should be drawn up each year by the NEC, after consultation with the Parliamentary party, and then put to the annual conference for approval.

The present system of writing the manifesto, they argued, was totally unsatisfactory.

The home policy committee's proposals would rob the Parliamentary leadership of its effective veto on the manifesto and could, in the view of Mr. Callaghan's supporters, mean that the party could enter Government with manifestos commitments which it could never carry out.

Last year's party conference passed a motion giving the NEC the final say on the contents of the manifesto and instructing the executive to come forward with detailed proposals for discussion at this year's conference.

The party's commission of inquiry will come up with its own recommendations on the subject. But parallel to the commission's discussions, the NEC's home policy committee is drawing up its detailed proposals.

The NEC agreed to defer discussion on the question until the home policy committee had discussed it with the Shadow Cabinet.

At yesterday's meeting, Mr. Callaghan agreed that there might be scope for more consultations between MPs, and perhaps candidates as well, about the contents of the manifesto, but he urged the NEC not to press ahead with the proposals. The shadow Cabinet, he said, would not "give up its constitutional right."

Mr. Callaghan was strongly supported by Mr. Denis Healey and though some other members of the shadow Cabinet agreed that some modifications in the present system of finalising the manifesto might be desirable, it was clear from yesterday's meeting that the two sides were still very far apart.

Some members of the executive felt afterwards that the shadow Cabinet's attitude on this issue illustrated the need to strengthen the Left's representation on the commission of inquiry and to replace Mr. Alex Kitson, who withdrew from the committee last month.

'Freeing Scottish industry to get on with its job'

BY JOHN HUNT

THE POLICIES of the Government will improve the Scottish economy by setting industry free to get on with its job and satisfy its customers, Mr. George Younger, Scottish Secretary, told the Commons last night.

He accepted, however, that it was the duty of the Scottish Office to do everything it could to assist firms in trouble to weather the storm and achieve a viable future.

His remarks, made in the opening speech of a debate on the Scottish economy, brought a swift retort from Mr. Bruce Millan, Labour's Scottish spokesman.

Mr. Millan maintained that the economic situation in Scotland was the gloomiest he had known since becoming an MP.

Disastrous

He said there was not a single thing in Mr. Younger's speech which gave any encouragement to the unemployed in Scotland or those who would lose their jobs there in the near future.

Everything the Government has done in the last nine months had made the situation worse, he argued. The Secretary of State did not seem to have the least inkling of the



YOUNGER: Duty to help companies.

disastrous effects of Government policies north of the border.

But Mr. Younger told the House that the previous Labour Government's handling of the economy had been "disappointing and disastrous for Scotland and unemployment had doubled

there during its years of office."

He accused the Labour administration of merely having poured in more and more public money until it nearly "bust the back" of the Treasury. Labour had ignored all the advice that had come from industry, chambers of commerce and the CBI.

Balance

Mr. Younger explained that the aim of the present Government was to concentrate regional policy on those areas of greatest need and unemployment and "to create real jobs and not phoney ones."

The future depended on changing the economic balance in Scotland by encouraging the productive and wealth-creating sectors and allocating a higher priority to them.

Mr. Younger emphasised that the Government had been determined to put the finances of the Scottish Development Agency on a more realistic footing. Despite expenditure cuts, the agency still had significantly more to spend in the present financial year in real terms than it had ever succeeded in spending before.

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Foreign aid rules changed

BY JOHN HUNT AND DAVID TONGE

THE Government came under attack in the Lords yesterday when it announced that it was changing the criteria on which overseas aid is allocated. It also hinted that, in real terms, this aid will be cut.

The changes were announced yesterday by Lord Carrington, the Foreign Secretary, and in the Commons by Mr. Neil Marten, Minister for Overseas Development. They said that a review of overseas aid had now been completed by the Government and that greater weight would be given "to political, industrial and commercial considerations alongside our basic developmental objectives."

Particular emphasis is to be given to Commonwealth countries.

Lord Carrington added: "We would like to see the aid get something in return because we have a considerable economic problem here at home. The reality is that we really must cut our

money that we give to overseas countries according to the resources we have. We cannot afford to pretend we are a rich country."

But Baroness Llewellyn-Davies described the proposals as causing "great anxiety" and accused the Government of planning to cut its aid to India and Bangladesh by one-third.

They warned that British commitments to international agencies and bodies would absorb a larger proportion of the British aid programme over the next few years. In 1978 multilateral aid accounted for 25 per cent of Britain's gross aid programme of £728m. The Government plans to "look critically" at such aid and hopes to increase the unallocated margin in the aid programme so as to be able "to respond more effectively to new developments where our political or commercial interests

reference that the commitments inherited from the previous Government left the present Government little room for manoeuvre. He claimed that putting more emphasis on political, industrial and commercial considerations would not necessarily be at the expense of other factors.

Asked if the changes proposed were compatible with the recommendations of the Brandt Commission's report, he replied "I dare say they conflict."

However, he amplified the Government statement that the West would suffer if it slid towards protectionism by saying that he hoped he would not see increased tariffs during the term of the present Government.

He also stressed that the greater part of British aid is tied to procurement in Britain though he argued that British firms were not obtaining their share of contracts given by multilateral institutions.

Whitelaw relaxes immigration rules

By Richard Evans, Lobby Editor

MR. WILLIAM WHITELAW, Home Secretary, has introduced minor relaxations into new immigration rules published yesterday in a bid to meet criticism from the Opposition, immigrant organisations and some Tory backbenchers.

Under the new provisions, which will come into force on March 1, there will be an absolute right of entry into the UK for a husband or fiancé of a woman with UK citizenship who was born here, or one of whose parents were born in Britain.

The previous intention had been to allow the Home Secretary to exercise his discretion, but following protests in a Commons debate before Christmas, Mr. Whitelaw gave an undertaking that the provision would be relaxed.

It will remain the case, however, that a husband or fiancé will be ineligible to enter the UK if the marriage is contracted primarily in order to obtain admission. It will have to be judged a genuine marriage or engagement.

Expense

In a further relaxation, the rule that requires elderly parents or grandparents to prove that they are living "substantially below" the standard of living in their own country as well as being dependent on their children in Britain is to be removed.

If they are over 65 their children will need only to be able to support them in Britain without public expense.

Other changes include a lifting of the ban on wives and children of students working while in this country. Dependents of skilled foreign workers will also be allowed to work here.

The upper age limit for entry by an adult and those on working holidays has been raised to 27, compared with 25 in the original plan. The new rules do not need the approval of Parliament before they come into force, but a resolution objecting to them can be put down in either House within 40 days.

'Lack of post-election plans' for Rhodesia

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CALL for the reconvening of the parties to the Lancaster House conference to discuss the "difficult and dangerous" situation that will follow the Rhodesian elections was made in the Commons yesterday by Mr. Peter Shore, Labour's foreign affairs spokesman.

But it was not taken up by Sir Ian Gilmour, Deputy Foreign Secretary, who avoided giving a direct answer to the suggestion.

Under further pressure from Mr. Shore, however, Sir Ian confirmed that some discussions are going on about the post-election situation.

At the same time, he did not disguise the fact that the Government had so far failed to come up with a satisfactory formula to cover this problem.

"Of course there have been discussions on a difficult and sensitive problem and I would be deceiving the House if I said a complete solution had been found — there isn't one," Sir Ian went on. "There has been considerable consultation. We must hope things turn out not too badly."

Sir Ian listed breaches of the ceasefire arrangements so far. A total of 13 had been attributed to the security forces, 23 to Mr. Nkomo's ZIPRA guerrillas, 11 to the area in which ZIPRA had operated, 93

to Mr. Mugabe's ZANLA forces, 35 to the ZANLA area of operations, 17 to handbills with Patriotic Front weapons and 15 unattributable.

During the Commons exchanges there appeared to be a widening gap between the two sides of the House over the way that Lord Soames, the Governor in Rhodesia, and the British Government were handling the internal situation there.

Sir Ian said that Mr. Shore should be more even-handed in his remarks and noted a persistent tendency by the Opposition to find fault with the Governor's administration.

Mr. Shore snapped back that the Opposition deplored all breaches of the ceasefire by any party. Sir Ian said Mr. Shore should not be so sensitive and should not be posing questions on the behaviour of the Rhodesian police and military organisations who had defied this country for 15 years.

Mr. Shore maintained that the Governor was still being hampered by lack of independent information. He urged the Government not to take any measures that would excite the strong associations of partiality which already existed. Better use should be made of the Commonwealth observer force, particularly at the polling stations.

Mr. David Steel, Liberal leader, wondered whether the monitoring force needed further reinforcements. But Sir Ian pointed out that it was there to monitor and not to prevent intimidation.

Mr. Julian Amery (C, Brighton Pavilion) asked if it was true that at least 4,000 to 5,000 of Mr. Mugabe's guerrillas were still in the bush, and that Mr. Nkomo was holding a similar size of reserves across the Zambezi River.

"Doesn't this represent a threat of intimidation to the holding of free and fair elections?" he asked.

The Minister told him it was impossible to estimate the number of Patriotic Front guerrillas who had not assembled. But certainly the estimate of Mr. Mugabe's forces still at large was not wide of the mark.

There was a contrast between what had gone on in western areas of Rhodesia and what had happened in the east. Mr. Nkomo's ZIPRA forces had concentrated and there were few incidents in the west. But a large number of guerrillas in the east had not assembled.

This produced very considerable intimidation. Every single party other than Mr. Mugabe's ZANU (PF) party had complained of intimidation.

Small business 'needs incentives'

BY ELINOR GOODMAN

THE Government has been warned by its own supporters that small businesses will not be able to expand and provide the extra jobs needed to compensate for those shed by big companies without special incentives.

Meeting with Sir Geoffrey Howe the Chancellor of the Exchequer, the chairman of the committees representing small business interest within the Tory party argued that without a very substantial boost to incentives the unemployment problem could not be met by the small business sector. Mrs. Margaret Thatcher believes the sector should provide the "seed

corn" of Britain's economic revival.

The Conservative small business lobby wants specific measures to help small companies.

In particular it believes that investment in small companies should be made tax deductible and that the Government should introduce a new guarantee loan scheme for small businesses. The scheme would be similar to that available in countries where small companies play a far bigger part in the economy. The committees envisage that it would be self-financing and only apply to "three-quarters of any loan from banks."

Industrial injury scheme reviewed

BY ERIC SHORT

THE role of the Industrial Injuries Scheme within the Social Security framework is examined in a discussion document published yesterday by the Department of Health and Social Security.

It follows the report in 1978 of the Royal Commission on Civil Liability and Compensation for Personal Injury, which recommended a number of changes to the scheme.

The document raises a number of questions but provides the answer to only one. This is whether a special scheme is needed to compensate persons injured at work. It decides that it is necessary.

But the document considers there is scope for reviewing the scheme's structure, particularly if it should be extended to cover the self-employed, accidents outside the UK, and accidents on the way to and from work.

*Industrial Injuries Compensation—A Discussion Document. Copies of the document and a summary can be obtained free of charge from Mr. M. A. Francis, DHSS, Room 516, Key-sign House, 429 Oxford Street, London W1R 2HT. Comments to the same address by December 31.

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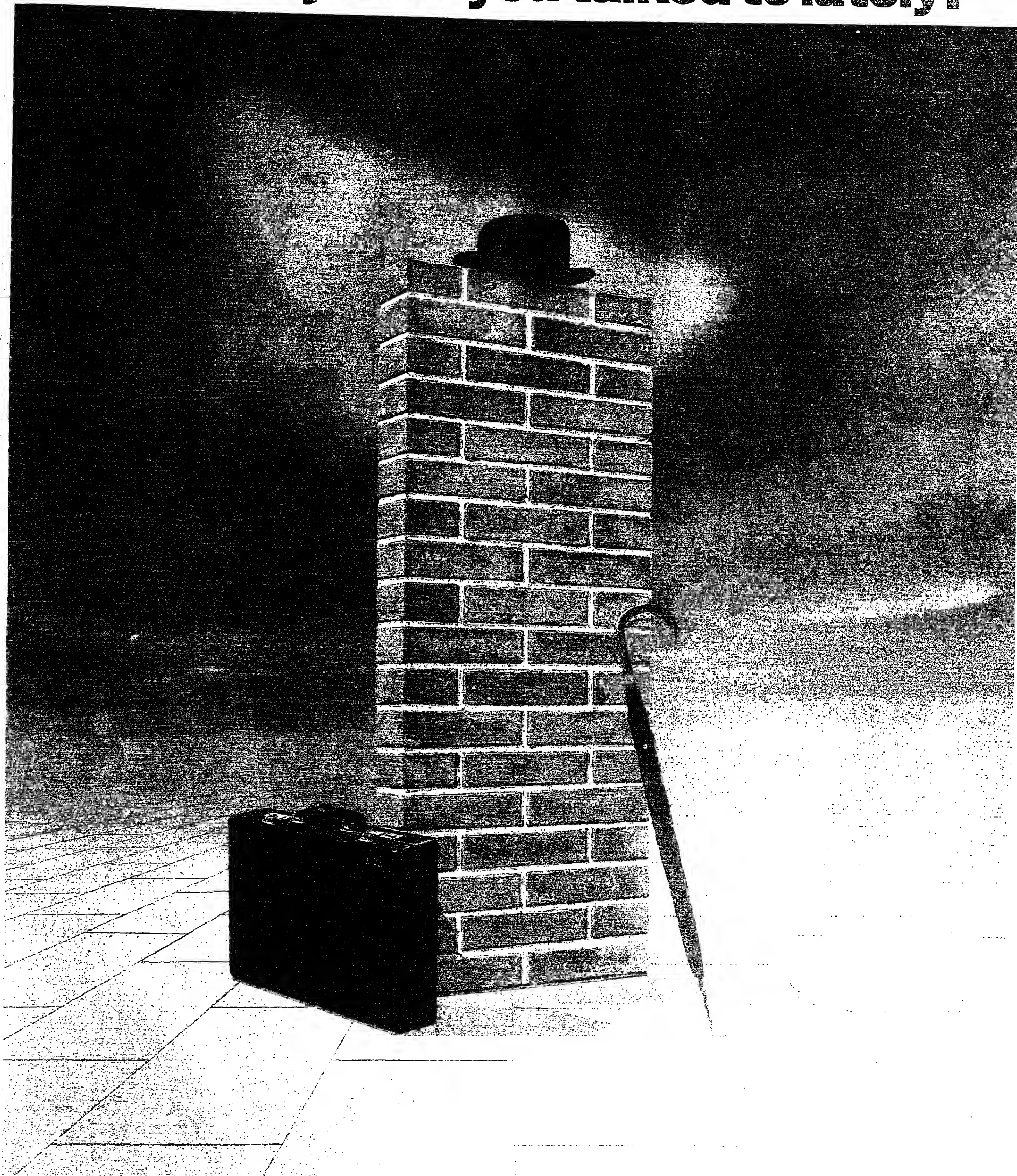
Wednesday, 16th — Thursday, 24th April

Hanover Fair '80

15/1/81

Financial Times

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÜETTERS

INSTRUMENTS

Captures and stores the rapid event

UNDOUBTEDLY one of the most advanced transient waveform recorders to be offered to date—and designed in the UK—the DLI1080 from Data Laboratories has two channels of storage, six recording modes, a cassette backup store and a number of other facilities made possible by microprocessor control, including remote operation by a computer.

Used in free standing or remote mode, it is a powerful waveform acquisition and measurement instrument for one-shot and low repetition rate events. It is designed for applications such as electrical breakdown tests, explosive and pressure vessel investigations, impulse testing, high-speed reaction chemistry and wherever the exact nature of a rapid event needs to be seen.

This instrument simultaneously digitises and stores waveforms at sample rates up to 20 MHz in two channels, each store consisting of a 4000 x 8 bit static random access memory. Selection of recording parameters such as sweep time, trigger levels, and input sensitivity are achieved by knob control rather than buttons with the object of giving an "analogue feel" to the unit.

Of the six recording modes which include the usual delayed sweep and "look back in time" pre-trigger modes, there is a useful facility which allows one channel to "zoom in" at high sample rate on an interesting segment on the other channel.

Contents of both channels

DATA PROCESSING

Data from disc systems

A NEW high-density 6400 bpl cartridge tape drive capable of storing over 16 Megabytes of unformatted information is announced by Sintrom Electronics.

The Perex Peristore HD 6400, designed and produced in the UK by Sintrom's manufacturing subsidiary, Perex, has been designed to provide an effective low-cost back-up to Winchester technology closed disc drives.

A major application of Peristore is for the safe dumping of data from such drives. Data

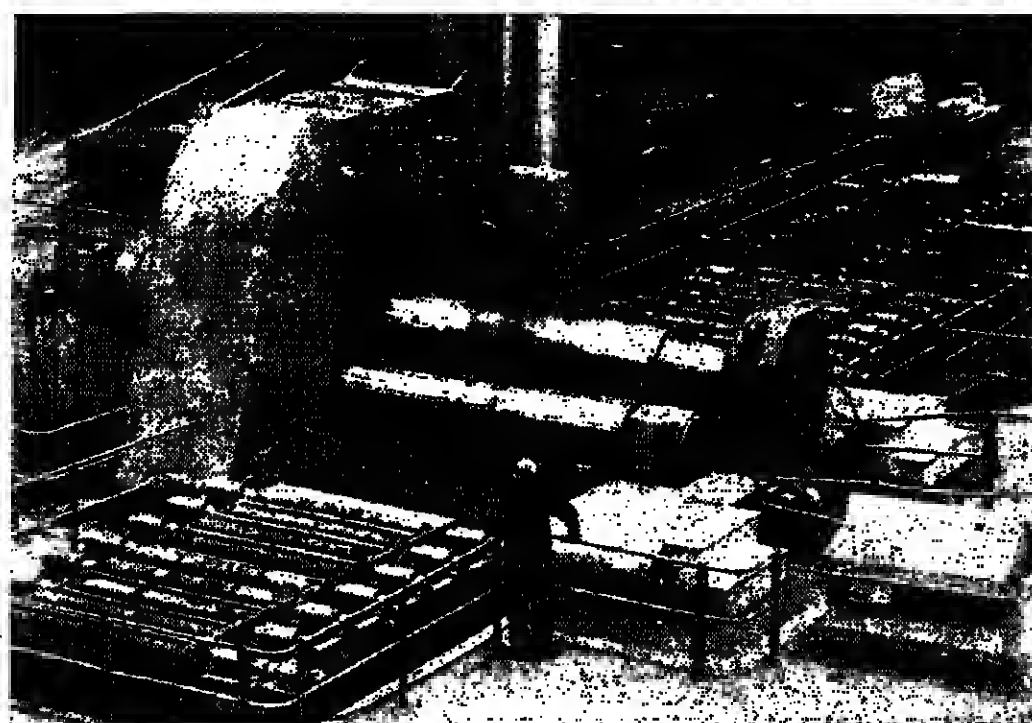
can be displayed simultaneously as analogue traces on an oscilloscope. Alternatively a chart recorder can be connected in which case the unit provides writing area calibration and optimises transfer to the paper. DLI1080 can also remember what it has been doing after the mains is removed: a pair of memories is provided which will keep two complete sets of front panel settings—the user can always return to these stored values. Similarly, up to 14 complete records of waveforms can be stored on the cassette together with file identification and recording conditions. These traces can be loaded into the channel solid state memories on command, from where they can be accessed as analogue or digital signals in the usual way for external use.

An important facility is that all the front panel functions, such as input sensitivity, sample rate, mode selection and so on are completely programmable by an external control unit. A suitable interface means that the DLI1080 can operate on the IEEE 488 bus making it compatible with a growing number of bus controllers, desk-top computers and digital processors. The instrument can also operate on serial data transmission systems employing RS232C/V24 protocol. When fast transmission of stored data is essential the unit can also provide a direct memory access (DMA) facility.

More from the company at 28 Waters Way, Mitcham, Surrey CR4 4HR (01-640 5321).

GEOFFREY CHARLISH

This hydraulic plate bending machine is now in operation at the Thornaby Works of Head Wrightson Teesdale, a Davy Corporation Company. Costing over \$600,000 the installation is part of a \$2m investment programme. The four roll machine, built by Verrina S.p.A. of Geneva, Italy, is capable of cold rolling 3050 mm wide plate up to 129 mm thick and will hot roll plate 200 mm thick. Its main role will be in the production of high pressure heat exchangers, vessels for the petrochemical and chemical industries and thickwall tubular work for offshore oil production.



MATERIALS

Wear-resistant steel plate

METAL service organisation, Plascut, has signed a UK marketing agreement with the Australian company, Vida-weld of New South Wales, for the latter's range of Vidaplate hard-wearing material.

Vidaplate is a highly wear-resistant, chromium carbide clad, mild steel plate produced by a bulk welding technique. It is used as a lining in dump trucks, for the teeth of shovels and earth moving buckets and is fabricated into chutes, hoppers and vibrating feeders used in mines and quarries.

TEXTILES

Dyeing long 'tubes' of fabric

IN ADDITION to dictating couture trends, fashion designers also create demands for certain fabrics which, although firing the imagination of the consumer, can produce big headaches for textile manufacturers.

At the moment, terry fabric is very popular and apart from its ubiquitous exhibition in tracksuits, casual wear, and overall outer-garments for infants, it is becoming popular for upholstery.

This material may start by being knitted with one plain surface and the other surface having loops—rather like a terry towel. For reasons of knitting efficiency and economy, the fabric is made on a circular knitting machine and emerges as a long tube with a circumference usually of about 1½ metres.

It then goes through a series of dyeing and finishing processes and is slit along one

length in order to be converted to flat fabric for delivery to garment manufacturers and fabric retailers.

The problems encountered in producing the desired colours of the material occur between the terry tube and its flat fabric form—especially when it comes to the dyeing process.

Because of the looped or pile finish, it is necessary to obtain consistency of shade by dyeing the fabric on the inside, which necessitates the fabric tube being turned inside-out... this can be done by taking, say, a boat hook and a length of drain-pipe, plus the efforts of an assiduous operator who will pull the edge of the material through the pipe to achieve the desired stage preparatory to entering the dyer.

Boat hooks and drainpipes are cheap and readily available—unlike labour—and a 1980's solution has been suggested with an Italian machine, called

fully-finished fabrications.

In addition to Vidaplate, Plascut can supply other wear-resistant materials, including manganese steels and hard elastomer polyurethanes produced by an associate company, Plascut Urethanes. This latter material is becoming increasingly important in hardwearing applications within the steel making, mining, water and process industries.

Plascut, Holmes Lock Works, Off Steel Street, Holme, Rotherham, South Yorks. 0709 73531.

Sperotto BPL, specially designed to obviate this costly turning process.

This looks like a gun turret on a destroyer and uses an air-stream created by an integral fan and controlled by pneumatic valves which works to carry the fabric on the outside of the "gun barrel" then draws it through the tube to deliver it into a barrel in a closed chamber. As an option, the machine can be fitted with special air intakes and outlets to avoid turbulence and dust.

Although the fabric speed is said to be impressively high, the concept of the air-stream method avoids stretch and surface disturbances of the material and obviates any need for "nip rollers" which put pressure on certain fabrics.

The machine is available in the UK from Sperotto, 10 Bridgeford Road, West Bridgeford, Nottingham (0602 862156).

DEBORAH PICKERING

MATERIALS

Laminates for food products

WADDINGTONS of Gateshead has entered the extrusion-coating/laminating business using extrusion coating polymers from DSM Polymers.

It has produced printed paper / poly / foil / poly and printed paper / poly / pvde laminates and coatings for Carnation Foods.

For the latter's hot chocolate sachet, the laminate is a two colour gravure paper print with an overall heat resistant varnish laminated to aluminium foil (eight micron) with low density polyethylene and the aluminium foil coated finally with a LDPE heat-seal layer. The lines are run at 92 sachets/minute.

Another product is packed at 90 per minute in a laminate made up of a one-colour gravure print with heat-resistant patterned varnish extrusion coated with LDPE, which is further coated with polyvinylidene chloride.

Extrusion-coated paper in production ranges from LDPE, white pigmented LDPE to HDPE on one or two sides on various types of paper. The food grade LDPE used is Stanyl 3400C.

Waddingtons of Gateshead, Factory E106, Princes Way, Team Valley Trading Estate, 0632 822811.

HANDLING

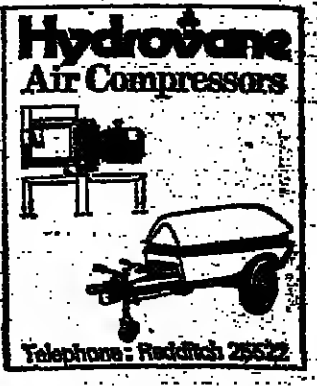
Lays cables and pipes

DEVELOPMENT of a cable laying machine which can lay submarine pipes as well as cables has been announced by Dowty Boulton Paul of Chesham, Glos. (0242 21411).

The machine was built in conjunction with Nuron Power, a Dowty associate company, in Glasgow, and it will be delivered in March, 1980.

It will be used in a servicing ship for laying communications links, and power cable control systems around wellheads, and will have the ability to lay undersea pipes up to 16 in diameter. It has also been designed to permit the retrieval of cables and pipes from the seabed for repair.

Nuron Power undertook the heavy engineering involved in the manufacture of the new machine, and Dowty Boulton Paul produced the hydraulic power packs and the complete hydraulic system at its Wolverhampton factory.



TRANSPORT

Insensitive to octane changes

IT IS quite possible that before long, availability of the required octane number petrol to suit one's vehicle may not be something to be automatically assumed, particularly in lesser developed countries.

Saab-Scania has therefore developed Automatic Performance Control (APC) which will allow its turbocharged engines to run on octane ratings between 91 and 99 without prior adjustment. A reduction of 8 per cent in fuel consumption is also claimed together with an acceleration performance boost of 30 per cent.

The company's designers have ruled out ignition retard systems actuated from engine block temperature sensors, where "knocking" (which raises the temperature) retards the spark. Chief engine designer Bengt Gadefelt maintains that these systems impair efficiency, increase fuel consumption and reduce exhaust valve life.

In the Saab design, the knock detector is still fitted to the engine block, but it sends its signal to an electronics box which controls a solenoid valve that varies the charging pressure to the turbocharger. This "black box" also receives signals from a pressure sensor in the intake manifold and can exactly balance the charging pressure.

Thus, if low octane fuel is used the engine will tend to "knock" earlier than with high octane, the sensor will open the valve to reduce turbo-charging pressure, the load on the engine will decrease, and knocking will stop.

Saab claims that the fuel will always be utilised 100 per cent, resulting in improved performance figures.

Series production of engines with this system will start in about one year's time.

Saab (Gt Britain) is at Fieldhouse Lane, Marlow, Bucks SL7 1LY (06284 6997).

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THE MARKETING SCENE

How TV strike hit brand sales

THE DAMAGE to advertisers caused by last autumn's ITV strike has been measured by the D'Arcy-MacManus & Maslin agency, which put 96 brands in 26 different product fields under the microscope, writes Michael Thompson-Noel.

Overall, the 96 brands showed an average net volume sales loss during the strike of 4.5 per cent, and an average net loss in brand share of 2.4 per cent. The 36 brands that had spent more than £100,000 (MEAL) on TV advertising in the same period in 1979 showed an average sales loss of 8.7 per cent during the 1979 strike period, those that had spent less than £100,000 suffered average sales losses of 2 per cent.

The agency says the strike provided its researchers with a unique opportunity to assess the effects on advertised brands of the withdrawal of TV support.

The home truth

ADVERTISERS AND agencies are feeling sorry for themselves. After the setbacks of last autumn's ITV strike, the opening weeks of 1980 have brutally shown just how little influence they are able to bring to bear on decisions affecting the future shape of UK broadcasting.

According to Roy Angridge, media director at Walter Thompson, the advertising business should be realistic that in spite of public meetings and research surveys, very little was likely to change in terms of the current structure of ITV-1.

"Why should it? There seems very little criticism of the present ITV structure from anyone other than advertisers and agencies, and since they have chosen this channel as their base, what could we have expected?"

A recent estimate that a UK breakfast TV franchise would be worth £40m to £50m a year in advertising revenue is dismissed by Mr. Langridge

research director, Andrew Roberts: "Advertising works, and without it the sales and market share of branded goods suffer. Even within the ten weeks of the strike, brand profits were reduced. In the long term these losses will have some significant impact on the advertising industry, but not on the sales of the products themselves."

The point the 96 brands "saved" by not advertising on TV during the strike was £2m; their sales losses are estimated at £25.

Mr. Roberts says the losses are a genuine reflection of the effects of the strike, and not of other circumstances. First, the market share of the advertised brands fell; second, sales losses were greatest for brands and product areas that saw the largest cutbacks in advertising.

Neither result is likely to have sales losses been the result of extraneous circumstances.

Imports, rhetoric and the Battle for Britain

Few importers are dumpers or bullies. In the midst of BL's Buy British fiesta, Michael Thompson-Noel describes the Zanussi success story

BL IS CERTAINLY hitting home with its "Battle for Britain" campaign, the one that seeks to shame us all into buying home-made products. The ads have raised welts on the midriffs of importers, even if it is far too early to take a look at sales.

"Make no mistake," runs the campaign's clarion prose. "Britain is fighting a battle all right. It is being fought in our own homes."

British manufacturers are fighting for a proper share of the domestic market for goods and products. And we're in danger of losing the battle partly through our own indifference and apathy. We're too busy looking down our noses at ourselves and our products."

The first advertisement in the series carried details of import penetration levels among selected domestic appliances. Twenty-one per cent of cookers are now imported, as are 45 per cent of automatic washing machines, 61 per cent of toasters, 69 per cent of fridge-freezers and 99 per cent of dishwashers.

In the midst of BL's Buy British fiesta, it takes an utter rotter to write about imports, but it can be instructive, so I will volunteer. Let us take Zanussi, which is making very fast headway with imported domestic appliances. Last year, under the Zanussi brand name, it sold 270,800 refrigerators.

fridge/freezers, freezers, washing machines, tumble dryers and dishwashers for a 6.5 per cent market share in those sectors, where total sales were worth £630m. It also sold approximately 200,000 units via own-label production for names such as Hoover, Hotpoint and Electra. This year, under the Zanussi brand name alone, it plans to sell 427,400 units for an estimated 11 per cent market share.

Put another way, UK sales under the Zanussi brand name should reach £53m in 1980 against £52m last year. Is it a dumper and a bully? Is this the unacceptable face of the import equation? Not at all, says Zanussi.

"First and foremost," says George Dorman, the managing director of Zanussi UK, "we're a European company and we have responsibility. It is neither in the interests of Zanussi nor its markets to throw its weight around."

Zanussi is the second largest privately owned industrial company in Italy after Fiat, and Europe's largest white goods manufacturer. Group turnover last year was approximately £550m, 75 per cent in domestic appliances, 12 per cent in electronics, the remainder mainly in catering equipment, components and pre-fabricated housing. Zanussi produces 4.5m domestic appliances a year.

In June, 1972, when it



decided to establish a subsidiary in Britain, it prophesied that it would be selling a total of 500,000 appliances by 1976, a target it easily achieved, mainly via private label production for Hoover, Electrolux, Frigidaire and the electricity boards' Electra brand.

By 1975 it was anxious to reduce its UK dependence on own-label production and establish the Zanussi brand name as a major force in its own right. Its motives were of course, profit, pride and self-protection.

Zanussi says its cardinal aim is to offer product quality, service

and reliability, above all value for money. "Value for money" is at present the rallying cry for all sorts of jumped-up merchants and their marketing chiefs, but in Zanussi's case it clearly knows what it means and means what it says, as evidenced by the fact that its fridges are computer-designed for individual markets. It eschews gimmicks and showy innovation.

Servicing? It has 102 service centres whose alleged main problem is severe lack of work.

Distribution? Last year it opened a major warehouse in

Cherbourg, which can stock 30,000 appliances. Supplies are then ferried to Poole. Eventually it is possible that Zanussi will open a manufacturing plant in Britain. Early on it courted the UK retail independents and department stores, but as the operation has grown, it has widened its range. (Electricity board showrooms account for 19 per cent of sales in the markets that concern Zanussi: the multiples and discount warehouses also have 18 per cent each; the independents still have 15.)

Pricing? Zanussi says it pitches its retail selling prices

at 5 per cent either way of the market leaders. "We're no dumper," says Mr. Dorman. "No one has ever accused us of that. Across Europe we have sought to maintain credibility on this most crucial of fronts."

Advertising? This year, Zanussi is spending approximately £2m via Geers Gross, whose campaign theme is "The Appliance of Science." The theme is designed to pave the way for the introduction of Zanussi goods that offer "computerised cooking, washing and refrigeration," and when the time is right, its move into other product fields, such as TV and hi-fi.

This year, Zanussi hopes to extend its UK market share in refrigerators from 2.5 to 4.2 per cent, its share of fridge/freezers from 13 to 24 per cent, and its share of freezers from 5 to 9.5 per cent. It hopes to sell 11.3 per cent of all washing machines, against 7 and 20 per cent of dishwashers against 17.3 per cent.

Compared with this sort of market aggression, the BL campaign may be thought to pale. "The British customer is just about the only one in the world who actually seems to prefer to buy a foreign product, rather than one made at home," said another advertisement in the series on Tuesday.

It is going to take a lot more than rhetoric to forestall Zanussi.

Pontinental's brave new formula

BY ROBYN WILSON

Lyceum, at EMI he had to turn the Blackpool Tower around. In both those cases the solution had been to re-vamp the product. "I looked at the Spanish problem and decided that if people didn't like the product as it was we would have to change the product. They wouldn't go to Spain this winter just because it was Spain, so we needed to offer them Spain, plus something extra." A new, improved formula Spain, in fact.

His solution was to organise a grand Mediterranean Open darts championship as a means of filling those empty beds—an ingenious idea which meant that Pontinental was able to tap a large new reservoir of winter holidaymakers. "I needed a sponsor to put up the prize money," he says. "I thought before I approached any of the traditional sports sponsors like the cigarette companies I

would see if Coral was interested." (Coral is the Pontinental parent.)

Chris Fife, Coral Leisure's group promotions manager, certainly was. "It's perfect for us," he says. "We're targeting as far as Coral Leisure is concerned, darts players are our market—they go to betting shops and their wives play bingo," says Fife. As well as the £2,000 at stake there was an extra incentive for the UK darts players. The winner of the men's singles, which carried a £400 cash prize and a Pontinental Holiday for two, would win the right to challenge the current world darts champion John Lowe, and in the event of a victory double his prize money.

With Coral putting up the cash, the only real outlay for Pontinental was flying the champ and his wife out to Torremolinos for a week. "In

terms of promotional spend it was an extraordinarily cost-effective exercise. We did no advertising at all. Darts World, which has a circulation of around 35,000, ran an editorial piece on it and 550 people signed up."

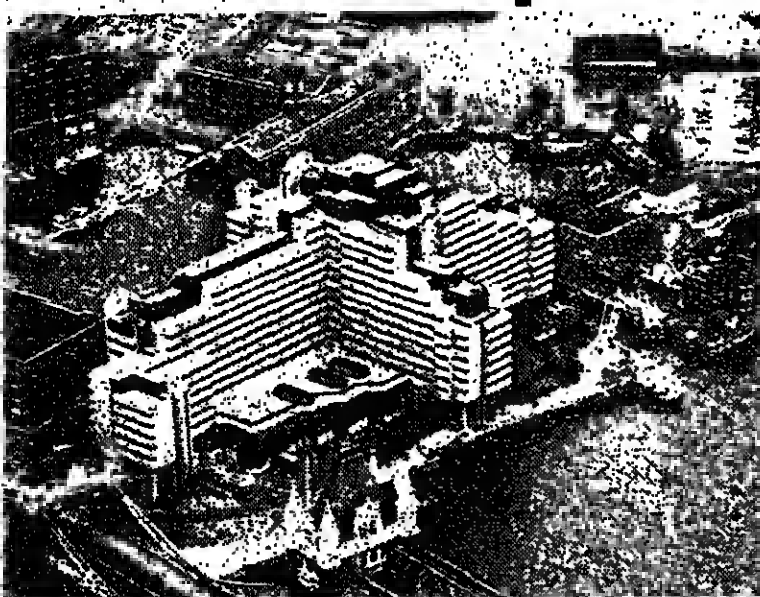
"Next year," promised one of the sport's officials, "we'll have 1,100 here for the 2nd Mediterranean Open—the hotel won't take any more. Our members feel they are getting a really good deal—a holiday in Torremolinos that would cost them £250 if they came in July, for only £110, and a week of what they like doing best, playing darts."

For Peter Smith, watching with pleasure as "the punters" stood shoulder to shoulder at the Pontinental nightclub's bar (average weekly bar spend per guest was estimated at £50), it was proof of his theory that the world is full of giant minority groups.

"From now till July, when the high season starts and we'll be full anyway, our room rate won't drop below 70 per cent. Apart from a couple of hundred pensioners who are spending the winter with us it will all be affinity groups. We have just put in a football pitch and in the next couple of months we will have dozens of UK football clubs here for winter training. We have installed an athletics track, and we have athletes from all over Europe coming for winter training. We are currently laying six bowling rinks—bowls is a giant minority group and it's a great market when you look at the leisure time and the disposable income of most bowlers. I've just signed up three groups of 300 hallroom dancers for next November."

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MILTON KEYNES

JOBS COLUMN, APPOINTMENTS

Foreign-bank rate • Poly marketing chief

BY MICHAEL DIXON

"YOU SEEM to think there's something unusual about people from abroad opening banks in London," said the male voice on the other end of the telephone, referring to an item in the Jobs Column a fortnight ago.

I had to confess that I did. After all, I am acquainted with dozens of foreigners not one of whom has to my knowledge ever opened a bank in London, or anywhere else for that matter.

"Well, in that case, I'll send round some figures for you to look at," replied the voice, which turned out to belong to Noel de Berry, managing director of the Noel Alexander consultancy which specialises in international banking.

Having now seen the figures I can appreciate why Mr. de Berry sounded initially as though he were talking to a simple rustic. For it appears that, over the past 10 years, foreign banks have been opening in London at an average rate of one every 15 days.

What is more, they did nothing but arrive here until 1974 when, although the new openings reached a record 32, one foreign bank went away again. The following year there were 11 departures against only 14 arrivals. But since then there have been 115 openings, and a mere 17 closures, leaving London with 355 foreign banks at the end of last year compared with 141 a decade earlier.

By sending these figures, Noel de Berry cunningly persuaded me that there was really nothing unusual either about his consultancy's being in the market for seven recruits on behalf of various banks in the City of London. He may not name any of these clients but, of course, promises not to identify any applicant who so requests to the employer concerned until permission is given.

Inquiries about any of the offers should be made, quoting the reference, to Hans Wessel at Noel Alexander Associates, 70, Queen Victoria Street, London EC4N 4SJ; telephone 01-248 2356, telex 8812703. I gather that he is not a man to be shocked rigid by being told that in some instances the salary quoted is unrealistically low, which to my mind is probably just as well.

The first of the City-based jobs, with an international bank of European origin, is a case in point. It urgently needs a head of computer services aged from the mid-20s but with sufficient data-processing experience, preferably in banking, to lead and develop the DP department which is about to transfer from IBM system 32 to system 34, using Midas software. But there's hardly a golden touch about the quoted starting salary: negotiable from £8,000. I suspect the bank will have to be prepared to negotiate upwards

by £2,000 or even £3,000. Reference S503.

The second, quoted at £10,000 plus, is for a trust officer cum portfolio manager to be responsible to the investment chief of an international bank—again of European origin—for the management of clients' investment portfolios and the marketing of investment services. Experience in similar field required; age range 28 to 40. Reference S502.

A similar, if not the same, bank requires a head of loan documentation to be responsible to the chief of the international department for ensuring that "the documentation of the bank's loans is of the highest quality and therefore that the bank has good protection."

Candidates should be aged 25 upwards, know Euro-currency banking practices and be used to working with external lawyers, be more concerned to detect what is missing than to criticise what's there, and be able to say no and stick to it. But the salary specification is rather less definite—£10,000? it says. Ref. S501.

Next comes an American merchant bank seeking someone aged 28 to 35 with experience in a similar bank's corporate finance department since either graduating or qualifying as an accountant. As corporate finance officer, the newcomer will be responsible to a director for providing appropriate specialist

advice to clients. Fluency in French and German would help. Quoted salary: "from £12,000." Ref. S497.

The fifth opening is for two people to be responsible to the syndications director of an American merchant bank for finding opportunities and making arrangements for syndicated bank loans. Aged 29 to 35, they will be entitled assistant directors and will need at least three years of similar work in an international variety of merchant or consortium bank. Here competence in Spanish as well as French would be useful. Salary about £15,000 plus profit bonus. Ref. S504.

The last City-based job from Noel Alexander is for someone with experience in project finance gained in banking, engineering or management consultancy to assemble project finance "packages" for clients of a U.S. bank. Age 30-plus. Salary £15,000 to £20,000. Ref. S499.

Lanchester

THENCE to Coventry, where David Spurrell, formerly an industrial manager, is head of the department of business studies at the Lanchester Polytechnic. His domain there apparently includes 221 teachers, but I gather that only 21 of them currently exist because he is looking for a principal lecturer in marketing. The department teaches about

the structure and organisation of business, the management of materials, and finance and accounting, as well as marketing. And about 500 students are enrolled on its courses.

These include a one-year foundation course in accountancy, and a two-year full-time and a three-year part-time course each leading to the higher award of the Business Education Council. But the main programme, which accounts for about half of the students, is for a BA in business studies in which three years of college studies are "sandwiched" with two six-month periods of practical experience in a company.

The new principal lecturer will be responsible for supervising the practical training of the BA students who choose to specialise in marketing. Mr. Spurrell says he is impressed by the practical work they are given—brand management, control of merchandising, management of supplies and stores, and so on. Meanwhile, back at the poly, the same newcomer will be responsible not only for lecturing, but also for developing marketing as a subject and the associated teaching material, and for carrying out research and consultancy work to boot.

With the Government's (in my view, generally justified) economies in educational spending, promotion prospects in higher education are tending to

become fewer and farther between. So I have little doubt that a good many people already working in polytechnic business studies departments will have a keen eye on the Lanchester principal lectureship.

Even so, I have equally little doubt that David Spurrell would prefer to import someone with practical experience of marketing in business, provided that at some time he or she obtained a degree or the equivalent preferably in a subject with some relevance to management. Candidates would also be helped by experience of research or consultancy, and they will need to put in some thought on the way marketing could best be developed as a subject so as to improve the practical as well as the intellectual skills of the polytechnic students.

The salary range is £7,680 up to £9,639. Mr. Spurrell says, "but we are all waiting for the Clegg Commission to report after the end of March, which should push it up a bit. There are no 'fringes' like a car or private medical insurance to act as additional bait, but the pensions are linked to inflation."

Application forms are obtainable from him at Lanchester Polytechnic, Priory Street, Coventry CV1 5FB. His telephone number is 0203 24166 extension 411, and the poly's telex number is 31469.

market research analyst

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(Ref: M9200/FT)

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City
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THE PERSON

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Résumés including a daytime telephone number to J. G. Cameron, Executive Selection Division, Ref. CF223.

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BL Limited

Assistant Financial Controller

c. £12,500

A major international manufacturer of fine chemicals with world-wide operations seeks an Assistant Financial Controller for its expanding European activities.

The successful candidate will assist the Finance Director in work on acquisitions and other projects, and in controlling the financial and accounting procedures of existing and newly acquired subsidiaries. He or she will be responsible for implementing standard group accounting procedures as necessary. The appointment involves travel, mainly in Europe. Candidates should be qualified accountants aged 28-35 with several

years' industrial experience. A working knowledge of Italian is required. Salary will be negotiable around £12,500 and other benefits include company car. Location: Central London.

Ref: AA37250/FT

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightbridge, London SW1X 7LE. Tel: 01-235 0060 Telex: 27874



A member of PA International

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession.

FUND MANAGER

Our client, a leading financial institution in the City, wishes to engage a senior Portfolio Manager.

The ideal candidate, aged around 30, with a degree or professional qualification will have 2-3 years' fund management experience with a merchant bank, stockbroker or insurance company. A broad range of equity exposure is desirable and knowledge of Far Eastern markets, though not essential, would be useful.

There is an attractive remuneration package including mortgage subsidy and an excellent non-contributory pension scheme.

Please contact PETER LATHAM

MARKETING MANAGER (Latin America) £10,000+ and car Our client is a leading international export finance house with a worldwide business network and steady growth record.

An opportunity exists for a self-motivated person who has had experience of Latin America, preferably in a sales/marketing capacity (and not necessarily in the financial field). A knowledge of Spanish would be highly desirable.

The role would involve both the servicing of existing accounts and active business development. Based in the City, there will be approximately 4 months travel to Latin America per year.

Please contact KEVIN BYRNE

FOREX MONEY BROKER

Due to expansion our client, a leading firm of money brokers, wishes to appoint a senior Deposit Broker. The ideal candidate will have had a minimum of two years' experience in an active deposit broking environment. Ambitious people with an energetic outlook are required to work within this closely knit team. There are possible prospects of overseas promotion.

Please contact BRIAN GOODCH

First floor - entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

KINGDOM OF SAUDI ARABIA

Riyadh Al-Kharj Hospital Programme

Exceptional career opportunities for

Financial Specialists

in the Middle East

Allied Medical Group, management consultants to this major Hospital Programme in Saudi Arabia, can now offer a number of career opportunities to experienced Financial Specialists both at corporate and programme level.

The Hospital is fully established and operates along the lines of District General Hospitals in the U.K.; complete with sophisticated and up-to-date equipment, which includes comprehensive computer systems. The Programme is based on a large and continuing budget which is to expand even further in the near future. The opportunities for individual and career development within the financial field are therefore considerable. We now need:

Budget Officer

Allied Medical Group
To obtain and marshal all the information from Department Heads needed to complete the Annual Budget and to interpret accrual results measured against that budget. Directly responsible to the Finance Director, you will also be involved in improving budgetary and management information systems and assisting in ad hoc financial investigations. Given the wide-ranging nature of the work you should be a qualified accountant, aged 30 plus, with extensive experience of management accounting and budgeting/planning. Yours will essentially be a roving, functional role providing results through persuasion rather than through line authority and your financial ability should therefore be matched by an equally strong, outgoing

personality. Experience of health care budgeting control systems would be an advantage.
Quote Ref: AMG 1

Finance Officer

Ministry of Defence & Aviation Riyadh Al-Kharj Medical Programme

To direct and manage an established Accounts Division of over 20 staff. You should be a qualified accountant with considerable experience of preparing both multi-cost centre financial and management accounts, ideally within a labour-intensive industrial environment. Given the range and scope of your responsibilities, you will probably be in your mid-thirties or over, now seeking to further develop your financial acumen within a fresh and demanding senior position.
Quote Ref: RKH 43

Financial Accountant

Allied Medical Group
Directly responsible to the Finance Officer you will essentially be handling the preparation of statutory and other financial reports. Maintaining a collaborative relationship with Internal and External Auditors you will be involved in all aspects of day-to-day accounts work—from verifying computer input documents to producing quarterly accounts. You should therefore be a qualified accountant, over 25, with sound financial experience and now ready for a demanding medium to long term expatriate career.
Quote Ref: AMG 2

These are career appointments. Renewable contracts are offered in the first instance on a two-year basis.

Salaries per annum: Budget Officer SR 114,816; Finance Officer SR 129,168; Financial Accountant SR 95,680 (approximately 7.5 Saudi Riyals=£1)



The benefits package currently includes: tax free salary; excellent free furnished accommodation; extensive recreational facilities; free air fares; 4 weeks leave after completion of each 26 weeks service; a gratuity of one month's salary upon completion of each twelve months service; generous educational allowances and free health care.

For application forms please write quoting reference number to: F. D. Campbell, Manager Personnel Services, Allied Medical Group, 18, Grosvenor Gardens, London SW1W 0DZ. Or telephone our 24-hour answering service on 01-730 5339 (please quote appropriate reference number). All applications will be dealt with in the strictest confidence.

Allied Medical Group

Young Accountant

SW1

c £9,500

A property investment group with substantial assets is poised for growth in the 1980's. A young man or woman is required to contribute to the successful financial team and the group's future expansion plans. Location is London SW1.

Reporting to the Financial Controller, there is to be a strong emphasis on annual budget preparations and subsequent monitoring. Besides additional routine accounting functions, there will be opportunities to contribute to project appraisals. Specific reports will be seen at main board level.

Age is expected to be under 30. A highly professional accountant is

required who can interpret trends as well as pay considerable attention to detail. Preference will be given to those who have already passed examinations leading to ACA or ACCA—or who are nearly qualified.

The remuneration package is to be planned around a salary of about £9,500 pa for ACA or ACCA's. Other benefits are to include subsidised light lunches and a non-contributory pension. Prospects of increased responsibility will depend upon performance.

Applicants should telephone or write, in confidence, for an application form quoting reference 1301.

Roland Orr
Management Consultant

35 Piccadilly, London W1V 9PB. Telephone: 01-734 7282.

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Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Managing Director

Electronics

Northern England, £20-25,000+ benefits

For a company operating internationally in specialised markets now poised to expand substantially its electronics interests. Prime responsibility is for the profit performance of several geographically dispersed businesses in which there is considerable growth potential. The second requirement is to acquire and integrate viable companies operating within the appropriate technology. Degree qualified candidates will have sound technical knowledge gained within the electronics industry and must have demonstrated general management and financial strengths in a position of profit accountability for a medium size industrial company or group.

G.T. Walker. Ref: 4272/FT. Male or female candidates should telephone in confidence for a Personal History Form to NEWCASTLE: 0632-27455, 4 Mosley Street, Newcastle-upon-Tyne, NE1 1DE.

Exciting New Opportunity
in Foreign Exchange

A highly respected commercial organisation in the Middle East which has expanded its business operations to include Financial Services and related activities requires an experienced Foreign Exchange Dealer. This newly created position will function as part of a team of professional Financial Executives who will head up a new Foreign Exchange commercial venture. Applicants should be in their late 20s or early 30s and fully conversant with all aspects of Foreign Exchange and deposit activities, with a minimum of three years' experience in an active trading room. Candidates must be self-starters and able to work under pressure in time-sensitive circumstances. Dealing experience in the Middle East would be an advantage, as would a working knowledge of international economics.

The company is noted for its impressive record of growth and high professional standards. It enjoys an outstanding reputation in the financial community, domestic and international, and offers a stimulating and challenging professional environment and career opportunity.

This is an excellent opportunity to participate in and influence directly the growth and success of an already well-established, large and profitable business, as well as a new foreign exchange business venture. This position also affords an exceptional compensation opportunity for those who qualify.

Full particulars including salary history and a passport-sized photo should be sent in confidence to:

Personnel Director, G. C. Browne (Ref. Y058).
P.O. Box 5, Egham, Surrey, England

A PARIS
BANK

REQUIRES IMMEDIATELY:

- Loan Administration Clerk for the administration, reporting, control of loan documentation, interest accruals.
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Advanced Office Systems

c £25,000

Have you...

- experience in marketing and selling electronic office equipment
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- and are you aged 40-55?

Then consider...

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- which is part of a major international group
- where you will report directly to the Chairman
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Please contact Ian Barrow on 01-487 4371 (24 hour live telephone service) for a preliminary confidential discussion quoting reference 8083, or write to 41 Gloucester Place, London W1

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in the 1980's

Opportunities exist to join the Finance Team of one of the country's leading Pharmaceutical, Agrochemical and Fine Chemical manufacturers, all growing markets. Our worldwide sales in 1979 were nearly £160 million and we have ambitious plans for the 1980's.

Considerable effort is being expended in ensuring our systems are capable of withstanding the pressures a Company of our size demands.

Our resourcing need is for Accountants—ACMA, CA and ACCA—with sound technical expertise, coupled with flair and much creative energy.

Terms and conditions of employment are not constraining factors—for the right men and women. Obviously, we include in this, relocation assistance.

Please write or telephone (01-592 3060, Ext. 2504) for an application form, the first stage in arranging an interview, to:



M&B May & Baker

Alan Fell, MSc, ACIS, Head of Employment Department,
May & Baker Ltd, Dagenham, Essex, RM10 7XS, quoting Reference No. FT/L

Managing Director c. £13,000 + bonus
Light Engineering East Midlands

Burgess Products Company (Holdings) Ltd, a well established British Group of light engineering companies, requires a Managing Director for a wholly owned subsidiary pleasantly situated at Hinckley, and employing about 100 people in the manufacture and marketing of acoustic and thermal insulating ceiling systems and other products. The man or woman appointed will be responsible to the Group Board for the profitable operation of the company and for the further development of its business in both home and overseas markets.

Candidates should have progressive management records over 8 or more years in a light manufacturing engineering environment, including a period of profit responsible general management requiring the successful co-ordination of production, marketing and financial functions and the fostering of good working relationships at all levels. Leadership and a certain entrepreneurial instinct in the development of existing and new products and markets are important; an engineering degree and some knowledge of contracting and the construction industry would be valuable. The preferred age range is 35 to 45.

Applicants should send a CV and 3 photographs to the Personnel Department, Burgess Products Company, a car, pension/life assurance scheme and good relocation assistance.

Men and women should write in confidence or telephone (24 hour answering service) to Mark Lomas for a personal history form quoting reference L/2327.

The P-E Consulting Group Appointments Division
1 Albemarle Street, London W1X 3HF Tel: 01-499 1848



International Leasing

Grindlays Brands Leasing Limited, part of Grindlays Group, is expanding its activities internationally. We require an experienced leasing executive to take direct responsibility for the development of business in specific markets.

Based in London, the position will involve direct client contact, considerable travel and co-ordination within the Group overseas. The environment will be challenging, exciting and rewarding.

Candidates must have substantial experience in 'big ticket' leasing and show evidence of successful business development leading to the negotiation and closing of deals. A knowledge of tax, credit, accounting and the legal aspects of leasing are necessary. International experience and fluency in a second language would be an advantage.

The appointment could lead to a Directorship in the short term with five figure salary and an excellent benefits package.

Please write with full career details to:

Mrs. Anne Evans, Manager
UK Appointments,
Grindlays Bank Limited,
36 Fenchurch Street,
London EC3 3AS.



Grindlays Bank Limited

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LIMITED

require a Contract / Accounts clerk for Private Client department. Salary negotiable in the region of £3,000 with bonus scheme and other excellent benefits.

Please contact:
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TELEPHONE 01-582 3422

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based in
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require an energetic person acquainted with all aspects of the export business. Knowledge of Pharmaceuticals would be an advantage though not essential. This is a most interesting position to travel overseas on short visits to clients. Salary negotiable. Right together with curriculum vitae to: Managing Director, Box 42030, Financial Times, 10 Cannon Street, EC4P 4BY.

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CLERK

We have a vacancy for a sold transfer clerk, preferably with several years' Stock Exchange experience. In the first instance please telephone Mr. Watford, of Gramatan & Goshard, 01-234 4887.

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Tel: 01-588 3588 or 01-588 3576

Telex No. 887374

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**FUND MANAGER****CITY****£10,000 - £15,000****LEADING MERCHANT BANK**

We invite applications from graduates, or those with equivalent qualifications, aged 28-35, with not less than three years in the discretionary management of large international funds. A sound knowledge of world-wide equity and fixed interest investment is necessary and candidates must have particular expertise in Far East markets. The ability to work as a member of a highly professional team is required. The appointee will assist an Investment Director in the formulation of policies and, within the guidelines established, will enjoy complete discretion for the successful management of the funds concerned. Essential qualities are an agile and enquiring mind and good communication skills. Initial salary negotiable £10,000-£15,000, non-contributory pension, free life assurance, free family medical insurance and subsidised house mortgage facility. Applications in strict confidence under reference FM3969/FT, to the Managing Director.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374.

SENIOR INVESTMENT ANALYST - FAR EAST**28-35**

Our client, a major firm of stockbrokers, will shortly appoint a senior investment executive who will have specific responsibilities in a specialised area of the Far East. His/her responsibilities will include:

- * Analysis of companies within these areas making use, where necessary, of detailed material available from these markets.
- * Visiting companies connected with his or her research work. This will entail considerable OVERSEAS TRAVEL.
- * Discussing with major institutions investment ideas relating to the companies linked to the sector involved.

The ideal candidate should have had at least three years' experience in the investment world, ideally covering the relevant area. He/she should be articulate, enthusiastic with the ability to produce investment material and to discuss this to the high standard expected by our client. He/she will need to have the poise and confidence to talk to clients. The position offers a first-class opportunity with a firm that has a leading name within the investment world.

AN ATTRACTIVE SALARY, WHICH WILL INCLUDE A BONUS ELEMENT, WILL BE PAID, SUBJECT TO NEGOTIATION, TO THE SUCCESSFUL CANDIDATE.

Career plan
PERSONNEL CONSULTANTS

Please apply to: Joek Coutts
Career Plan, Chichester House
Chichester Road, London WC2A 1EG
Tel: 01-242 5775

Financial Controller**West of London to £15,000 + car**

A major international publishing company, the market leader in several key areas, wishes to appoint a Financial Controller for its profitable UK operation.

Reporting to the Managing Director and supported by a substantial staff, the Controller's responsibilities will include accounting, cash management, data processing, credit control, and administrative functions. The roll calls for a contribution to overall policy and involvement in all commercial aspects of the company.

Candidates, aged 28-40, should be qualified accountants who can demonstrate commercial accounting experience and the personality to operate effectively at senior management level.

Please write in the first instance, to Colin Payne, giving concise personal and career details, under Ref. AB461.

Alfred Bates

International Recruitment Division

WESTGATE HOUSE, 9 HOLBORN, LONDON EC1N 2NE



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ESSENTIAL REQUIREMENTS ARE:-

- * Age: mid twenties to early thirties.
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- * Ability to work independently, plan and organise own work.
- * Analytical and numerical, understanding of financial aspect of business.
- * Ability and confidence in communicating plans successfully to senior management.
- * Ambition to use these opportunities as a stage in

career development within a demanding and challenging environment.

- * Business degree and/or market research experience.
- * Willingness to travel extensively.

As ESSELTE METO gives responsibility, authority and accountability at an early age, above average salaries are offered along with excellent benefits.

Please write giving career details, including salary and job progression, to:-

Frederick Koppl,
Director of Human Resources,
ESSELTE METO International,
ESSELTE House,
4 Buckingham Gate,
LONDON, SW1 6JP
Telephone: 01-828 9031

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Vickers da Costa Ltd**UK Research****INVESTMENT ANALYSTS****U.K. SECTOR RESEARCH**

At Vickers da Costa we believe that we are well placed to benefit from the changes in the securities industry that have already taken place of late, as well as from those that seem likely to occur in the not too distant future. For example, the abolition of exchange controls has added considerably to the opportunities that exist for our well established international operations.

We have also made, over the past few years, a successful investment in the area of U.K. specialist research and sales. While there may well be eventually, a contraction in the total number of analysts in the industry we think that the best research will both survive and flourish. At this stage we are seeking to add to our research team and we should be interested in hearing from suitably qualified analysts who feel that they are already, or given the right opportunities could be capable of, making an outstanding contribution to analysis in their field.

There is a marginal preference for analysts working in the electrical/electronics area but this should not discourage other candidates from applying.

Please reply in writing to:

Mrs. Janet Shaer,
Vickers da Costa Limited,
Regis House,
King William Street,
London, EC4R 9AR

Senior Appointments**FINANCIAL CONTROLLER****Near City****£10,000 + Car**

Our clients, a long established and highly successful family group of companies, trading in very fast moving consumer products seek an enthusiastic young qualified Accountant with commercial flair and experience to control the finance of two companies T/O £27m and £14m in a computerised environment.

Reporting direct to the main Board this is an excellent opportunity for the ambitious.

Apply in strict confidence to M. Lockett or I. M. Crichton Ref. B504.

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
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We currently have a number of vacancies at senior level for interbank, local authority and commercial dealers. We are also looking for a dealer, fluent in French, to link some of our Euro-Sterling centres. Salaries are negotiable and attractive fringe benefits are offered. Please write or telephone:

IAN GARTHWAITE,
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01-636 9354

Bermuda Investment Account Administrators

The Bank of Bermuda requires two qualified Investment Account Administrators to join its Investments Department.

The successful candidates will be responsible for the administration of individual trust, agency or discretionary investment accounts managed by the Department. Persons qualified for these positions will generally possess a University Degree or trust banking qualifications and will have at least five years' practical experience in the international investment field, particularly in North American, European and Eurodollar markets, preferably with a stockbroker or merchant banker. Ability to communicate both verbally and in written form is essential.

Attractive salaries commensurate with experience and initial two year contracts will be offered for the above positions. Salaries are tax free in Bermuda.

The Bank also provides an extensive range of benefits including major medical coverage.

Interviews will be held in London on March 6th and 7th, 1980. Qualified persons should submit resume of experience, educational and professional qualifications, personal details and salary history, together with telephone numbers where they can be contacted, to:-

The London Representative,
Bank of Bermuda (Europe) Ltd.,
Grocers' Hall, Princes Street,
London EC2R 8AQ.

**THE BANK OF BERMUDA LIMITED****International Banking Attorney**

The London Legal Department (with responsibility for Europe, the Middle East and Africa) of a major U.S. bank seeks an Attorney with superior academic and professional qualifications, experienced in International Finance and Commercial Banking Law and admitted to practice in a state of the United States.

A challenging and varied practice is offered. Compensation will be commensurate with qualifications.

Please submit in confidence a current curriculum vitae to:
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A distinguished international shipping group establishing offices in London seeks a 'Senior Treasury Associate' to work with an Assistant Treasurer on foreign exchange, financings, bank relations, loan compliance, planning and special studies. This is a vital area of the group's activities.

Candidates should ideally be 25-30, with 3-5 years' relevant experience in a corporate treasury function or in liaison with corporate clients for a commercial bank. Foreign exchange, financing and financial analysis experience are essential, but the ability to communicate well with banks, clients and colleagues is equally important.

For full job description write in confidence to John Courtis at 78 Wigmore Street, London W1H 9DQ, showing clearly how you meet these requirements, quoting 7049/FT. Both men and women may apply.

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Our client is a major international bank with a business development commitment of expanding the international corporate lending activities. This policy is based on a good quality, broadly-based portfolio.

A Loans Officer is required to develop new U.K. business and to maintain and develop the existing loan portfolio of U.K. clients. You will have had a formal credit analysis training and experience in writing your own loan proposals and you are interested in developing new lending techniques. You will be required to implement your own marketing programme but preferred area of expansion would be in Commodity and/or Trade Finance. You will be in your late 20's to early 30's and you are looking for an opportunity offering greater freedom and authority within a compact London operation.

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Quoting Ref. 2020

David Clark Associates

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Telephone: 01 353 1867

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PHILLIPS & DREW**Investment Manager**

Phillips & Drew wish to appoint an additional Manager. The department is concerned with managing the investments of a wide range of private pension funds usually on a discretionary basis.

The successful applicant will be a graduate and/or professionally qualified person with at least three years' experience of investment work. The preferred age range is 27-35. He, or she, will join a successful team and hold a responsible position with first-class prospects in an expanding organisation.

A five figure income is envisaged with potential for rapid advancement, and, in addition, there is participation in a profit-sharing scheme. The firm's pension fund is contributory.

Applications to:

Mr. A. G. Wright, Staff Manager,
Phillips & Drew,
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London, EC2Y 5AP.

Hoggett Bowers**Executive Selection Consultants**

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Financial Accountant**Devon, earnings c. £8,500**

A light engineering company which is part of a well known group have recently restructured their organisation and need a first rate, very experienced person to lead the financial accounting function and be deputy to the chief accountant. Responsibilities will include the normal functions of payroll, financial ledgers, monthly and annual accounts, budgets and forecasts etc., most of which are computerised. Candidates should ideally be aged in their 40's qualified ACA/FCA or ACCA, very experienced in manufacturing industry and enjoy managing and leading a young team of committed people. Employment conditions are excellent and full relocation expenses will be paid to this very attractive area.

J.H.E. Davies, Ref: 37148/FT. Male or female candidates should telephone in confidence for a Personal History Form to:
CARDIFF: 0222-40516, 2nd Floor, St. David's House, Wood Street, CF1 1ES.

QS BANKING**RECRUITMENT CONSULTANTS**

Landing Officer - Soundness via to £12,000
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Treasury Credit Analyst C. £5,000
Please contact:
Mike Popo or
Sheila Antkowiak-Jones
026-0731
30-31, Queen Street, ECU

Company Chief Accountant

Freight Forwarding & Travel Industry
c.£9,500+car - Essex

The first flush of youth sees many accountants reaching for the stars. Within a year or two of qualifying, many nearly get there. But the next decade teeds, all too often, towards disillusion. This post could offer something at either end of the process. A young accountant will find real challenges; those seeking progress in mid career will find genuine openings. The company, based in Essex on the outskirts of London, has twenty-five other locations at all major ports and airports in the U.K. It is a leading international freight forwarding and port agency, which also has printing, travel agency and warehousing interests. It has a long history, and a good future as part of one of the biggest shipping-based groups in the country. It needs a Chief Accountant who is an all-round professional, can get the best out of people, and innovate without alienating. Please write, with full career details, to Malcolm Peel.

Applications, which may be from male or female candidates, will be treated in complete confidence and should quote reference 0021/MDP.

BROOK STREET EXECUTIVE RESOURCES LIMITED

47 Davies Street, London W1Y 2LN. Telephone 01-499 7382

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Recruitment Manager
REUTERS
85 Fleet Street, London EC4A 4AJ.
Telephone: 01-353 7329
(This is a 24-hour answering service)
These positions are open to men and women.

Overseas Funds Manager

London c. £10,000
(under review)

Cable & Wireless is a highly successful Group and one of the world's largest international telecommunication organisations operating in over 70 countries. Our activities encompass cable and radio systems, communications via satellite, computers and data handling, and national and international telephone and telex systems.

This senior appointment, open to men and women, carries responsibility for funds at overseas locations, including the investment of such funds surplus to requirement and the arrangement of overseas borrowings.

You will control all Group purchases, sales and transfers of foreign currencies and contribute to the development of the company's FX exposure management system. Therefore, a number of years experience at senior level in banking or with a multi-national company is essential and membership of the Institute of Bankers would be a distinct advantage.

We offer a full range of benefits which include incremental salary scale, pension fund and relocation assistance.

For further details and an application form please telephone or write to:

The Recruitment Manager, Dept. A749,
Cable & Wireless Limited,
Mercury House, Theobalds Road, London W1X 8RX.
Telephone: 01-242 4433 Ext. 4008.

Cable & Wireless
Helps the world communicate

Dubai

Finance Officer

£18,000 pa tax free

The Government of Dubai seek applications for the appointment of a finance officer to compile and administer the budget of the Armed Forces, including an air component. The successful candidate is likely to be aged late 30's early 40's, married, and with considerable experience in finance administration and budget control. A formal qualification in accountancy and a service background are desirable, but both these requirements are subordinate to the need for experience.

This senior management appointment carries a tax-free salary of £18,000 per annum with normal overseas housing, car, local education facilities and a final gratuity. The contract is for two years with a possibility of renewal.

Please submit full CV quoting ref: MNV242/FP to Gina Cole:

Crown Agents

The Crown Agents for Overseas Governments and Administrations, Recruitment Division,
4 Millbank, London SW1P 3JD.

PLASTIC INJECTION MOULDERS

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The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, 28th February, 1980, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments."

Advertising rates will be £19.50 per single column centimetre. Special positions are available by arrangement at a premium rate of £21.50 per s.c.c. Copy date is Friday, 22nd February. For further details, including reprints of previous features, please telephone 01-248 4601 or 4864 (direct lines).

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THE ARTS

الصحف

St. John's, Smith Square

1945 and on

by DOMINIC GILL

The London Sinfonietta have been in the vanguard—in this country indeed to a large extent—of the 20th-century music ever since their founding 12 years ago. By now they are an international, rather than a merely national, institution: quite simply, the best chamber orchestra of their kind in the world. "Unique" and "indispensable" are the epithets most commonly repeated; a colleague set the matter in perspective exactly when he wrote, "so indispensable have they become that one has the impression they must have existed for ever."

So indispensable indeed from the moment of their birth did the London Sinfonietta prove to be that they instantly received the ultimate British accolade: they were taken for granted, and their real needs (as well as their real importance) were grandly ignored. Their series of five Tuesday concerts at St. John's this month are next devoted entirely to music since 1945: it is their most radical venture to date—although it is one which should, and would, have been launched years ago if the orchestra had ever received the financial support it deserved, and not been forced instead to hover permanently on the brink of insolvency, uncertain from year to year of its very future existence, let alone of firm future plans. As a senior European arts administrator remarked to me recently: "Is it not a peculiarly British decision to fund quite amply established prestigious bodies that could without great difficulty find money elsewhere, while allowing a far cheaper, but wholly dependent, priceless and irreplaceable international asset to starve?"

But enough of complaining: the Sinfonietta have fought before now against all odds, and—without breath to spare, but decisively—won the day. The first concert of their post-war series, given last Tuesday

to a nearly sold-out hall, was another triumphant vindication. The programme was introduced (all the concerts start at the nicely coincidental time of 19.45 hours) by Stockhausen's *Mikrophonie II* of 1965: one of the most successful essays in the use of the once-fashionable, but now largely superseded, technique of electronic ring-modulation.

The evening's new commission, *Alongside*, by Michael Finnissy, was more problematic: a wholly through-notated score of extreme virtuosity for 14 instruments whose very difficulties were of prime aesthetic consideration. There should have been a "striving" of tension, as the players tried, never quite successfully, to reach the notes; but in performance the effect was of no more than rather bland improvisation—sustained by some passing pleasures: quiet, filtered string textures, punctuated by sudden rages, and sudden silences, from the brass; a rather beautiful, wide-spaced piano solo leading to the rush of the final pages.

In Camern by Nigel Osborne we heard first at a Sinfonietta concert last year, and at this second performance its gentle, lyrical, qualities were confirmed: a sequence of three Nocturnes, the first freely conceived and scored without half-light; the second, more urgent, darkly foreboding; the last, in which a solo guitar comes to the fore, a chain of insinuating combinations, very prettily proposed. Attractive interlude. The finale, for which the London Sinfonietta Voices returned to the stage, was a relaxation. Ensemble is one of the comic-cuts from Maurice Kagel's *Stadtheater*—a happy, wacky commentary on the pretensions of Grand Opera, funny at times, and delivered by the Voices with fine spirit, but at 36 minutes more in the nature of a shaggy-dog story than a really good joke.



Margaret Barbieri (centre)

Leonard Bull

Sadler's Wells

Papillon

by CLEMENT CRISP

Once upon a time—in 1860—there was a ballet called *Papillon*. It was a ballet-farce, opulent, extravagant, conceived as a vehicle to launch the rare and lovely abilities of Emma Livry, aged just 18. Marie Taglioni had been lured from retirement to choreograph for the young talent who so closely resembled her in air, grace, Offenbach, darling of the boulevards, created the score. Livry triumphed, and within three years was dead of burns, and with her the hopes of a French ballerina to rival the Italian virtuosi of the period. With her, too, disappeared *Papillon*, until Ronald Hynd revived it, with libretto severely pruned, for the

Houston Ballet last year. Now Sadler's Wells Royal Ballet has acquired it and with it opened a spring season on Tuesday night. The result is a piece which I find a numbing travesty of the manner of the late Romantic ballet. Gone are sentiment, poetry, the marvelous; instead we have coarse jokes, caricature, an endemic outbreak of fluttering by a corps de ballet of butterflies.

The action centres upon a witch, Hamza, and her serving maid, here called *Papillon* (instead of *Farfalla*, the name given to Livry's character). How a Shah loves *Papillon* and eventually lands up with Hamza, and how *Papillon* is reunited with a shepherd, Bijahn, her

true love, is the farcical matter of the evening. The working out of the plot is undecided, apting generally for knock-about humour but occasionally offering knock-about sentimentality: the choreography seems to take nothing very seriously, and merits the same attention.

Margaret Barbieri is the heroine, and Carl Myers her shepherd. Alain Duhrenil is Hamza as a hag, with Sibohan Stanley delightful as Hamza momentarily rejuvenated. Stephen Jefferies wastes his great talent in the low comedy antics of the Shah. John Lauchery has arranged and orchestrated the score. Peter Docherty has designed the production.

The audience on Tuesday

loved every moment. I remembered Bournville, and how the ballet of the mid-19th century can still seem thrilling, pertinent; and I despaired.

A re-designed *Dances Concertantes* was also on the bill. Done the one-time feeling that we were in a mysterious house of pleasure: Nicholas Georgiadis' new designs are in gleaming red and black, like a casino in which Claes Oldenburg has provided the furniture. The choreography looked as fresh as its decor; cast against type in the role created for the muscular bravura of Donald Britton. Roland Price—lean, long-limbed, and barely out of school—showed that he is a talent to treasure.

Cockpit

Teresa

by B. A. YOUNG

Teresa is described by the author, Alton Kumalo, as "the modern black woman," but of course she is only one modern black woman. She has been sent from Zambia by her father to get some western polish and so become suitable for her arranged marriage with Sam, a western-trained lawyer. But with no experience to help her, she drifts into a liaison with Jet, a mini-cab driver, who takes over her life until, prompted by her, she throws him out.

The play is stronger in atmosphere than in plot. The three characters are interesting specimens of our new citizens—Jet, who has come from Soweto under the illusion that he only has to ask for a scholarship to get one; Teresa, caught between African and European marriage practices; and Claudette, happy to involve whites in her search for independence. But such story as there is relies mainly on the clichés of the marital chronicles, even if the clichés gain some novelty by being approached from unaccustomed angles.

The author has not yet got his aims clearly enough in focus. Anti-white Jet, who proclaims "I came here to colonise," seems

never to have made any moves in that direction, apart from starting an affair with a married white woman. It would be more interesting to know from the start about Teresa's problems, but we hear nothing of Zambia until her long soliloquy that ends the play—as if *Romeo and Juliet* were to finish with "Two households, both alike in dignity" instead of starting with it. All three characters require soliloquies to establish their personalities.

Teresa is movingly played by Ellen Thomas, half-maternal and half-liberated, and Claudette is an attractive good-time girl in the person of Dorrett Thompson. Mr. Kumalo, besides being author and (by way of Temba Theatre Company) producer, plays Jet in a menacing roar that conceals whatever charm he used to seduce Teresa. Ian Giles, the director, might usefully take him by the arm and point out the dimensions of the Cockpit auditorium.

I'd have been more deeply concerned about the problems of what Teresa calls "living on borrowed culture" if they didn't all find it so easy to resolve their problems by a visit to the disco or even a little spontaneous boogie at home (at any hour of the day or night. Do they have neighbours?)

Wigmore Hall

Bernadette Greevy

by RONALD CRICHTON

"A Sense of Ireland," the Republic's six-week London festival of the Irish Arts, is being vigorously promoted and well advertised, with a higher standard of printing and design than some of our comparable festivities. There are 10 concerts at the Wigmore Hall and elsewhere, with many more of traditional and jazz/corresponding. Tuesday night's recital by the distinguished mezzo, Bernadette Greevy, with John O'Connor at the piano included Handel, Schumann, Ravel and the first London performance of Seoirse Bodley's song-cycle *A Girl*, occupying the whole of the second half.

As a new work of some length and because the music stirred the singer to her most interesting performance, the cycle deserves to be taken first. A sequence of 22 mainly short poems written for the occasion by Brendan Kennelly traces the resigned despair and suicide of a pregnant, unmarried girl who chooses drowning as the way out of what she feels an impossible situation. Though the poems are not specific, she seems to be a country girl acutely conscious of the nature about her, and remarkably free from resentment.

Bodley uses free-flowing, swift-moving recitative, flowering (often after two or three lines of rapid monotone) into bursts of lyrical melisma. There

is a certain amount of pentatonic colouring. The piano paints the background atmospherically for the most part, though there are two short, more concentrated songs (Nos. 3 and 12) using chordal ostinatos, which stood out prominently. The cycle does not bite very deep, there is too much in words and music about rain, but the attention was held and Miss Greevy given an opportunity, excellently taken, for dramatic declamation.

The energy the singer brought to the new work was detectable in the first half too but might then have been mistaken for a kind of eagerness—not quite right for Schumann's *Frauen und Leben*, externalised with emotion spread over the music rather than controlled and intensified. In Ravel's *Grec Folk Songs* Miss Greevy's fine voice rang out so clearly that one almost, but not quite, overlooked the lack of detailed shading and recognition of the skill with which the sophisticated Ravel portrays unsophisticated states of mind. John O'Connor's generally reliable, sensitive playing was hardly inclusive enough for Ravel. Both the Handel group and the new cycle, in their very different ways, left a strong desire to hear Miss Greevy in opera—Handel, perhaps?

IBM Europe sponsors EEC Youth Orchestra for second year

IBM Europe has again shown its support of the musical youth of Europe by sponsoring the European Community Youth Orchestra for the second year running. The orchestra, made up of the finest young musicians aged between 14 and 22 from the nine countries of the EEC, is also helped financially by grants from the European Commission and the nine member Governments.

The composition of this year's orchestra will be announced during February after the completion of auditions in the nine countries. The musicians will work with conductors such as Edward Heath, their musical director Claudio Abbado and Herbert von Karajan who will conduct the orchestra at the Salzburg Festival.

IJF activities The board of the International Jazz Federation held its first full meeting since being elected last June in Ljubljana, Yugoslavia, at Kalisz, Poland.

At this meeting a number of positive steps were taken including the signing of a new contract between the IJF and the Polish Jazz Society which reaffirmed the position of the monthly *Jazz Forum* as the official magazine of the Federation.

It was also decided to hold the next general assembly of the IJF in Warsaw in October 1980 during the annual Jazz Jamboree.

Further details of the IJF and future activities are obtainable from Charles Alexander, the Jazz Centre Society, 35 Great Russell Street, London, WC1, who is one of four vice-presidents of the organisation.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem. played	Vacs.
1978							
4th qtr.	110.4	103.3	103	111.7	273.0	1,340	230
1979							
1st qtr.	109.7	102.2	102	110.1	276.5	1,351	234
2nd qtr.	113.2	107.6	102	116.6	297.5	1,299	236
3rd qtr.	112.2	103.1	102	118.9	283.9	1,283	237
4th qtr.	112.7	103.8	102	112.4	314.8	1,286	230
August	112.0	101.6	102	111.4	304.4	1,263	246
Sept.	111.3	100.4	101	109.8	302.4	1,264	243
Oct.	112.2	103.0	101	111.3	309.8	1,282	237
Nov.	114.0	105.4	101	113.6	317.5	1,282	254
Dec.	111.9	103.1	102	112.4	316.9	1,294	219
1980							
Jan.						1,339	207

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); boosting starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. goods	Metal mfg.	Textile mfg.	Hous. starts
1978							
4th qtr.	106.1	97.4	124.0	97.3	99.0	102.4	20.3
1979							
1st qtr.	105.5	99.0	126.5	98.5	98.6	99.1	13.9
2nd qtr.	109.1	103.2	133.7	102.9	110.6	103.5	21.3
3rd qtr.	105.6	95.7	132.8	94.5	104.6	100.7	20.7
4th qtr.	105.4	99.3	130.2	98.1	98.3	96.9	18.2
August	105.0	94.0	131.0	93.0	97.0	99.0	18.3
Sept.	104.0	92.0	131.0	93.0	103.0	103.0	21.2
Oct.	104.0	97.0	131.0	96.0	100.0	98.0	20.9
Nov.	107.0	101.0	132.0	100.0	100.0	97.0	19.2
Dec.	105.0	99.0	128.0	98.0	95.0	95.0	14.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance, current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade	Resv. US\$bn
1978							
4th qtr.	122.5	112.9	-206	+447	-458	106.5	15.77
1979							
1st qtr.	109.0	116.0	-1,588	-235	107.0	107.0	16.78
2nd qtr.	135.3	128.9	-486	-379	106.4	106.4	21.69
3rd qtr.	129.8	128.1	-493	-307	106.8	106.8	23.18
4th qtr.	129.3	128.9	-745	-395	135	102.5	22.54
August	129.3	122.5	-745	-395	135	102.5	22.54
Sept.	131.8	129.7	-745	-395	135	102.5	22.54
Oct.	131.8	129.7	-745	-395	135	102.5	22.54
Nov.	131.8	129.7	-745	-395	135	102.5	22.54
Dec.	131.3	131.2	-252	-202	91	102.5	22.72
1980							
Jan.	130.1	128.9	-346	-296	74	100.5	23.71

FINANCIAL—Money supply: M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; BP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE %	BS inflow	HP lending %	MLR %
1978							
4th qtr.	14.9	11.9	3.6	+1,774	878	1,584	12.5
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,794	777	1,581	14
3rd qtr.	13.5	18.2	13.2	+2,407	933	1,879	14
4th qtr.	5.1	12.7	16.2	+3,633	838	1,893	17
August	11.6	10.2	13.2	+918	411	1,516	14
Sept.	15.5	15.2	14.5	+1,568	544	663	14
Oct.	6.5	13.4	19.1	+1,243	134	698	17
Nov.	5.1	12.7	16.2	+245	161	592	17
Dec.							
1980							
Jan.	8.1	8.9	22.6	+522	235		17

INFLATION—Indices of earnings (Jan. 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matls.	Wholesale prices	RPI	Foodst.	FT commodity	Strg.
1978							
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.89	62.7
1979							
1st qtr.	144.3	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.3
3rd qtr.	154.2	169.9	175.4	231.1	231.9	301.68	71.0
4th qtr.	181.7	182.1	176.3	237.5	237.2	295.13	68.8
August	153.3	169.1	176.3	230.9	231.8	290.04	71.4
Sept.	153.6	172.5	176.3	233.2	232.6	301.86	69.8
Oct.	153.6	178.1	180.3	235.6	234.8	291.34	68.4
Nov.	158.1	186.0	181.6	237.7	237.0	297.22	68.4
Dec.	163.0	187.4	183.3	239.4	239.9	295.13	69.7
1980							
Jan.	193.3	181.9	245.3	244.8	244.8	306.69	71.8

* Not seasonally adjusted.

Festival Hall

Das Lied von der Erde

by ANDREW CLEMENTS

For the audience, the main attraction of Tuesday's concert by the Royal Philharmonic Orchestra was Dame Janet Baker: that she was singing in Mahler's great song cycle was almost coincidental. Dame Janet was announced to be suffering from a heavy cold: it audibly restricted her power and diminished her range only on rare occasions—the rest was unalloyed pleasure. But it was, I fear, the only pleasure of an otherwise unhappy evening.

Walter Weller was conducting the orchestra of which he is soon to become principal conductor, and evidently he plans to build up a reputation as a Mahler conductor—*Das Lied von der Erde* is to be followed next Sunday by a performance of the second symphony. It was not to put things most kindly, a very auspicious beginning.

Mr. Weller comes to Mahler with no apparent preconception. There is no attempt to make the music conform to any Viennese or symphonic archetype; a commendable independence, perhaps, were it to lead to any remotely interesting interpretative stance. Instead there was a devastating literal-

ness, which sounded effective only in the most blatant chthonic in the central movements of *Das Lied*; elsewhere orchestral details were pulled out of the texture or suppressed for no obvious purpose, and tutti left to balance themselves. The general neglect of balance made life difficult for Robert Tear in the three tenor movements. His is not a *Heldentenor*, and little else will be effective in the opening "Trinklied," but there could surely have been more evidence of concern on the conductor's part for the audibility of at least some of the text.

Profound thanks, then, for Dame Janet, even at less than full power. The pure sound values of Bethge's German could hardly have been more carefully realised, the precise inflections of lines such as "Ich spüre eines feinen Windes Wehn" more perfectly weighted. Against all the odds—including some orchestral details that appeared to have strayed into the score from *The Rite of Spring*—she managed to make the final "Abschied" deeply affecting. Any dry eyes were not her fault.

Simply an outstanding whisky.

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February 21 1980

Weak voice of Europe

THE SOVIET invasion of Afghanistan caught Western Europe—and most noticeably the EEC countries—on the hop. The initial European reaction was one of confusion and considerable incoherence. As usual, when the Community has to respond to an important outside event, national instincts surface first and only later was a serious attempt made to hammer out a common line, a process continued at Tuesday's meeting of Foreign Ministers in Rome. The differences inside the Nine were reflected on a wider screen in French and German disagreement with Washington, accompanied at times by some irritation. Britain's wholehearted support for the U.S. line served, among other things, to point up the divisions inside the Community.

Consultation

In part, the West's confusion was due both to the timing of the Soviet move and to the inadequacy of its consultation procedures. Some European diplomats believe that Moscow deliberately chose the end-year holiday period to move into Afghanistan on the grounds that the Western nations would be logistically incapable of organising a speedy political response. Britain has since suggested that new emergency procedures should be set up to provide for nine-nation political co-operation in a crisis—a proposal that deserves to be taken seriously. But transatlantic hotlines also failed. Washington has infuriated both Bonn and Paris by refusing to publicise announcements without prior consultation or even warning. Mr. Cyrus Vance, the U.S. State Secretary, promised in Bonn yesterday to try to remedy this fault in future. That, too, would be a help. Unilateral action by the U.S. only makes it more difficult for countries like France and Germany, with their own special sensitivities, to fall into line. Even Britain maintains that it did not simply do Washington's bidding, but arrived at a similar line to that of the U.S. as a result of its own independent assessment of the post-Afghanistan world scene. Now, with the Rome communiqué proposing the neutralisation of Afghanistan, the Nine are finally beginning to get their act together. But they are only doing so by

concentrating on what they can agree on, and forgetting the considerable areas of discord. The most notable omission from the communiqué was any reference to the Olympic games—or indeed to any other form of sanction against the Soviet Union.

Sphere of influence

The first point about the Community's Rome proposal is that, however worthy its motives, it is not going to get the Russians out of Afghanistan until they are ready to go. It may win some ritual support in the United Nations. But for Moscow, a neutral Afghanistan would be a step back even from the pre-invasion period, when the country was already in the Soviet sphere of influence. The second point is that the underlying divergences in the Community are going to continue. Paris is going to persevere with its "independent" foreign policy. Bonn will continue to be worried about threats to détente and to its Ostpolitik end Mrs. Thatcher will not change her mind about the Red peril. As long as these divergences exist, Western Europe will remain vulnerable to Soviet offers of "divisible détente" that is to say, Moscow holding out the prospect of improving relations with Western Europe while those with Washington remain icy. As long, too, as the Community can only come up with proposals that are almost certain to be ineffective, its attempts at foreign policy coordination in a crisis are going to lack credibility.

Anti-Soviet

Nobody in the West believes that the Russians can be forced out of Afghanistan. The task now is to stop them subverting or putting pressure on other countries in the area. The Europeans can help to shore up those countries militarily and economically, provided it is not done in too unsubtle a fashion. They can continue to try to rally anti-Soviet opinion in the Third World. They can and should try to ungle some of their crossed lines with Washington. It is a moment for Western solidarity rather than the daunting of individual national preoccupations. So far, however, there is little evidence that concerted European diplomacy is likely to have much impact on the course of events.

No time to take risks

ECONOMIC regeneration is a matter of decades rather than months, and it is grossly unfair to judge the economic policy of any government on the experience of a single year. The Conservative Government's first Budget, conceived nine months ago, in the heat of post-election euphoria, has given rise to a forlorn catalogue of disappointments. But it is far too early to suggest, as the Chancellor prepares his second Budget, that the new economic policies have failed.

Optimistic

It will be in the forthcoming Budget that the Government will have its best opportunity to demonstrate its continuing faith in these policies and to prove that abstract economic theories can be made to work in the real world. In retrospect the mistake of the last Budget was that it attempted to achieve too much too quickly. Cutting income tax, curbing inflation and restricting the growth of the public sector were all desirable objectives. But it was over-optimistic to assume that all these targets could be hit at the same time, in one year.

This time the Chancellor must order his priorities clearly to eliminate the sort of inconsistency between fiscal and monetary policy which arose last year, and which is partly responsible for the present record interest rates. Similarly it must be recognised that inflation, interest rates and income taxes cannot all be reduced at the same time. The first and foremost objective must be to combat inflation. But this time counter-inflation policy must be given primacy in deeds as well as in words. The corollaries of this are caution about increasing indirect taxes and, most importantly, determination to keep monetary growth under control. Far from being weakened, the commitment to tight money, which has sometimes seemed to waver during the past nine months, will have to be reinforced.

Putting this commitment into practice can mean, as Ministers have belatedly come to realise, that interest rates rise to unprecedented heights. But high interest rates are not an incidental side-effect of

Trudeau and the challenge of the new decade

BY W. L. LUTKENS IN TORONTO

WELCOME TO the 1980s. Those were the first words Mr. Pierre Trudeau said in public after regaining the prime ministership of Canada. He spoke with a broad grin to campaign workers, a hint of a glint of triumph in his tired eyes.

But has his "handsome electoral victory over the short-lived Progressive Conservative Government of Mr. Joe Clark really projected Canada into a new decade in any but the literal sense? Are the problems of the 1970s solved? The answer clearly is no. The energy crisis is unsolved, budget deficits loom, inflation has not gone away, nor has the Quebec problem.

What is new is that after an interlude of minority government lasting 273 days Canada has a majority government again. Yet he must at its head a man who stated firmly that he does not intend to run for yet another term having already headed majority governments returned in 1968 and 1974, and a minority government from 1972 to 1974.

That should give him the freedom to take any unpopular measures that he may find necessary. But Mr. Clark went for an austerity budget from a minority position and paid the penalty. The fate of the Tories on Monday is unlikely to encourage the Liberals to be too bold.

Mr. Trudeau has the advantage over Mr. Clark also in that his calibre as a leader is less in doubt. Yet he must be cautious since the Liberal defeat last May was in large measure the result of a widespread antipathy to him in English speaking Canada. He was disliked for having placed his faith in making the administration bilingual as a means of holding together the two founding nations of Canada, the English and the French. It was nothing unusual to see westerners say without provocation that they would not have French "rammed down their throats" which nobody was doing.

No wonder the West on Monday voted almost solidly against the Liberals. Where it did not, as in the case of Quebec, it was by supporting the New Democratic Party—a social democratic party which habitually comes third in federal elections.

The unity of Canada is thus under double strain. The English-speaking Quebecers of the Parti Québécois Government of Mr. René Lévesque with separatist inclinations is chafing under Ottawa's central power. In the west resentment of the French and of Ontario's historic pre-eminence in the Canadian confederation has found a basis of economic strength from which to operate. Canada's oil and gas reserves are concentrated there. Especially Alberta is growing rich on those resources.

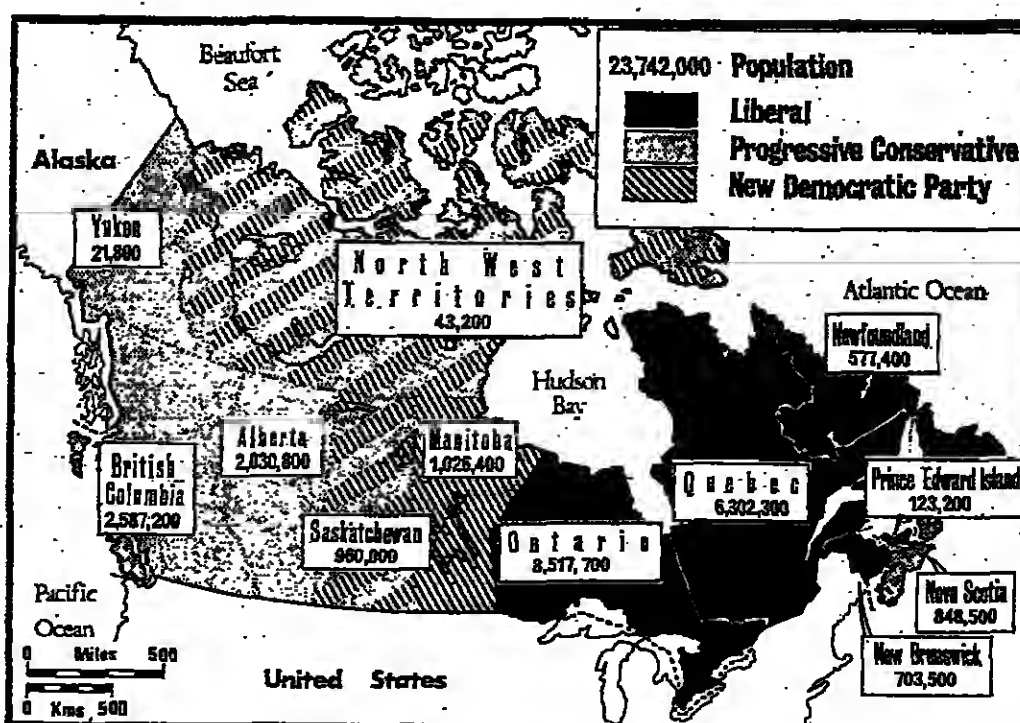
The next major event is likely to be the referendum in Quebec in which Mr. Lévesque will ask his voters for authority to negotiate sovereignty for his province in economic union with the rest of Canada.

Even to "lead interest rates down once the economic fundamentals begin to improve, may be a dangerous course, since a Government-engineered fall in interest rates could well prove excessive and premature. This does not mean that interest rates should be overlooked in the Budget strategy. On the contrary, action to ease the pressure on interest rates, within the constraints defined by the monetary target, should be an important part of the Budget. But it would be better for the Chancellor to present his new policies to the markets and then let them dictate the course of interest rates, rather than seizing the initiative by announcing a cut in Minimum Lending Rate during the Budget itself.

Fiscal slack

Given the monetary target, there is only one prudent way for the Chancellor to assist industrialists and home owners struggling with high interest rates. He should do his utmost to limit the Public Sector Borrowing Requirement. Curbing the PSBR, so as to reconcile it with the present monetary targets at a lower level of interest rates should be the central aim of the Budget. Even if public spending cuts can be found to reduce the PSBR to below £10bn, it would be rash to use any further fiscal slack that may emerge from decisions on the valorisation of specific duties or on the abolition of the 25 per cent tax band in order to cut taxes. Even cuts in taxes on employers would be less welcome to industrialists than a fiscal tightening which would lead to a fall in interest rates. Similarly most of the voters who own houses would doubtless prefer a cut in mortgage rates to a cut in income tax.

A time when inflation is soaring towards 20 per cent and when interest rates are threatening to rise above 17 per cent, despite official attempts to massage the money markets, is no time for cutting taxes. Until the other policies are clearly beginning to work, inflation is under control and North Sea oil is flowing, the election promises of incentives and taxes will have to wait.



Canada. Mr. Trudeau will refuse any subsequent overtures for talks. The other federal parties and provinces will no doubt support him even though they may disagree about tactics. Even Mr. Trudeau, though a centralist, has proposed modifications to the constitution which would increase the role of the provinces in the legislative process while leaving final authority with the House of Commons in Ottawa. At the opposite end of the scale Mr. Lévesque wants full legislative powers for Quebec though he is willing to see a joint authority to keep fiscal and economic policies aligned.

Devolution of powers

A position in between is taken by Mr. Claude Ryan, leader of the Quebec Liberal Party. He has proposed a greater degree of devolution of powers to all provinces—not only to Quebec but to all provinces above all with the right of the Federal Government to overrule provincial laws—a right incidentally not exercised for more than 40 years.

The trouble with all these proposals is that they would require unanimous support from Ottawa and the provinces which would be hard to get. Someone might even veto a proposal cautiously welcomed by all federal party leaders. But if he ever should regional aspirations by introducing a little measure of proportional representation into the electoral system.

Since Quebec often goes one way in federal elections and another in provincial affairs Mr. Trudeau's victory does not mean that Mr. Ryan is sure of achieving a "No". In the referendum, or of winning the next provincial election. But if he ever should regional aspirations by introducing a little measure of proportional representation into the electoral system.

Just now these concern a curious ruling by the Department of Health and Social Security that musicians, being considered as employed, are therefore to be classified as employed. This conflicts with the Inland Revenue which, seeing past the self-employed character of the fiddlers and bassoonists.

They're trying to say that the conductor exercises control on behalf of the group, says Michael Procter, administrator of the Monteverdi Choir and Orchestra. "In our case, anyway, that is nonsense." He is resisting a demand from the DHSS for national insurance contributions amounting to, he estimates, £30,000.

If the department wins the argument, the Monteverdi and every other orchestra will have to pay 10 per cent of the players' fees in contributions. The musicians 61 per cent. Another orchestra, the English Sinfonia, is also involved in a legal tussle over the DHSS ruling. Arts Minister Norman St. John Stevens promised last December that the threat to small orchestras would be looked into, but since then nothing more has been heard from Whitehall. No doubt more will be heard of hardship behind the barony—Willy Weeks, a former aide of Edward Heath, has been engaged by the Monteverdi as a lobbyist.

Well-stocked "I think the answer is that we have an enormous number of wise virgins among our members." That is how Jerry Blake, head of the Engineering Industries Association Midlands branch explains the apparent abundance of steel in the stores of his 600-odd members, and the lack of activity in his steel strike "swap shop."

Expecting some of his members to run rapidly out of raw materials, he has resurrected a clearing house notion first applied after the Coventry blitz, when all local industry was thrown into chaos, and now offers to put engineers short of

metal in touch with those who have stocks to spare.

With the stoppage well into its second month, Blake is puzzled that although he has had offers of about 800 tonnes of assorted types of steel from more than 80 members, he has had fewer than a dozen requests. As might be expected, however, he has not been able to satisfy all searchers, who appear mainly to be short of finished steel and the more popular gauges of plate. "It's very strange," he tells me. "But what has come out of this is that a lot of people seem to have a lot of money tied up in surplus stock. When all this is over, I shall have to look into it and raise it with them."

Party time I dread to think what readers offended by the Conservative Party's genteel dabblings in professional advertising will make of the flow of undiluted bile flowing from the pen of Bishop Abel Muzorewa in yesterday's Rhodesia Herald. In an open letter to the bemused electorate, the bishop airs his conviction that his opponents are committed to developing "a Marxist Communist one-party state" in which people may be executed for evincing a Bible.

Under Nkom and Mugabe, the letter says, "you will lose your houses, your land, your cattle, goats and chickens... your children will be taken away... they will be taught to hate God and the Ancestral Spirits... they will be told to spy on their parents."

Over to you, Saatchi and Saatchi.

Eastbound? A blackboard apology at Green Park tube station reads: London Transport regrets inconvenience to passengers caused by late arrivals. These are due to a defective train.

Observer



Mr. Trudeau on ice: the victorious Liberal Party leader pictured on Sunday at an ice-rink in Toronto.

added enormously to the potential profits of many Canadian mining companies. Equally they stand to gain from price increases in the non-ferrous base metals sector—especially if the international tensions caused by the crisis in south west Asia should prove prolonged.

Developing all that will bring work to specialised manufacturers but will also have a secondary effect on the economy at large. It will also cost a great deal of money. The cost of pending energy projects alone runs into several hundreds of billions of dollars. They include such monsters as a third plant to extract oil from the Alberta oil sands planned by a group led by Shell. The cost is estimated at close to \$67bn. The pipeline to carry gas from Alaska through Canada to the main U.S. markets should get the go ahead reasonably soon. There is a \$62bn proposal to bring gas from western Canada to the Maritime Provinces on the Atlantic coast.

It is suggested that that pipeline should be made reversible, capable of carrying gas in the westward direction, too. The reason is that after years of disappointment, gas in commercial quantities seems to have been found off the east coast. Recoverable oil, too, has been found off Newfoundland. The Hibernia well north-east of St. John's, Newfoundland, has hit a structure which on the lowest estimate contains 500m barrels of oil. That would add 15 per cent to present proven reserves in Canada. But estimates of what really lies there go as high as 1bn to 2bn barrels.

These discoveries are not only of economic importance. They could help to restore at least in part the regional balance in Canada. For much of the 19th century the east was the wealthy region living on exports of timber and fish

and a superb shipbuilding industry. Subsequently Ontario the main manufacturing province made the turning and in the 1970s the oil and gas of the west brought riches to a previously backward region. Oil and gas in what used to be known as the have-not Atlantic provinces will not reverse the westward movement of the country's economic centre of gravity but will reduce regional disparities.

Developing these potential resources will require more money than Canada can find by itself. Traditionally an importer of capital, Canada is heavily in debt internationally—the estimated net debt at the end of 1978 was about \$60bn requiring service of \$4.3bn in dividends and interest. That was equivalent to 7 per cent of Canada's gross income from visible and invisible exports—a share that is growing at present but still a good deal lower than it has been at times in the past.

Unchanged picture

The broad outlines of this picture are not really going to be changed fundamentally by the outcome of the election however much the emphasis of economic policy may change.

The Toronto Stock Market seems to have been signalling for a long time that that is what it believes. Though business preferred Mr. Clark to Mr. Trudeau the market took his victory in its stride. A market that has risen with few interruptions for two years in spite of rising interest rates and regardless of the vicissitudes of the politicians does seem to believe that gas and ore in the ground are more important than a few constitutional tiffs. That would seem to hold good even if the market should go into reverse temporarily now to regain breath.

MEN AND MATTERS

Discreet charm of the law

A friend who paid 50p at his local newsagent for Exchange Contracts, "the magazine for homebuyers," was surprised when shortly afterwards he was given an identical edition free by his solicitor—identical, that is, except for a front cover overprint which states: "Free to homebuyers with the compliments of the Law Society and your solicitor."

The publication is the fruit of a novel exercise in co-operation between the publicity-hungry Law Society and enterprising Soho-based publishers Home End Law Magazines. Home and Law publish the magazine. The Law Society distributes it through solicitors' offices to clients using conveyancing services. The Society's public relations man, Graham Lee—"I am the so-called editorial consultant"—tells me that most of the quarterly print run of 250,000 is distributed with the over-printed front cover.

As for the 17,000 or so sold on the open market, he says that is the publishers' affair. He does not think it necessary to make plain the Law Society's close links with the publication. And it is close indeed. Editor Nigel Kendall tells me that Lee provides him with four of five pages of legal-style stories and articles for each edition. The back cover and a half-page on page one are reserved—free of charge, of course—for Law Society advertising.

Lee also appears to have ultimate editorial control. "I can veto material if it is incoherent or is not suitable in my view for the magazine in the circumstances under which it is distributed," he tells me. Kendall, who admits to having had initial doubts—"I thought it would be a flag-waving exercise for the Law Society"—has not so far been afflicted by the Lee veto. "I think the only thing they would worry about was if I were to start putting nude ladies all over the paper."



"When the Red, Red Robbo went Boh, Boh, Bobbing Along..."

Silver jamboree

Parisian bullion dealers were yesterday invaded by mobs of eager citizens rattling their loose change following a helpful hint at the weekend from Prime Minister Raymond Barre. He told the nation that silver-based coins were now worth six times their face value as scrap and as a result were to be demonetised and withdrawn from circulation. The result, not unsurprisingly, was a stampede.

Coins worth Ffr 5 in the supermarket were crossing the dealers' counters in return for three crisp Ffr 10 notes and some loose change, and Ffr 50 pieces sold for up to Ffr 94. "It is appalling," said one bemused dealer. "They are queuing up on both sides of the street and we are letting them in at 50 a time."

Trouble in t' pit

Music may be the food of love, but heated words are increasingly being heard in the kitchens where it is prepared.

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Nonsense that should not be endured

THERE ARE TIMES when it is necessary to emerge from the world of specialised argument and confront the barbarians outside the gate. The amount of what Jeremy Bentham called "nonsense on stilts" uttered on political-economic matters has reached a point where it cannot be endured.

There are several strands to current nonsense. First there is the drivel poured out on the subject of "monetarism," a word I had resolved not to use any more. Second, there is the disloyal campaign mounted against the economic Ministers by "friends" of some of their colleagues—indeed not always "friends" at all. As someone who makes my living partly out of criticism of these Ministers, irrespective of which party is in power, I have some experience in separating genuine criticism from contradictory and malicious gossip-mongering, which does not present a ghost of an alternative, and what we have had is the latter. Third, there is the apparently more elevated debate on the nature of Conservatism into which these other things are dragged.

At this more highbrow end one catches an ill-concealed upper class disdain among the Tory paternalists for those who dare to reflect on economic principles. Sir Ian Gilmour, in his famous Cambridge speech on February 7 said: "Life is not a market place and the country must not be turned into one." True; but it misses the real point that free contractual relations are a safeguard against tyranny and an alternative to compulsion, even for those who would be less at home in a bazaar than Sir Ian, Lord Carrington or Mr. St. John-Stevens.

The atmosphere which surrounds the utterances of the Tory paternalists is hardly civil-

lisation at all, but at best condescension. It is the nose-wrinkling superiority of people who would not have had Beethoven or Turner in their drawing rooms, and who would have preferred the elegant court composer Salieri to some "frightfully dreary little man" like Mozart.

The most unscrupulous part of the current propaganda—because it was started by people like Mr. Denis Healey, who should know better, as well as by Conservative politicians who don't understand the issues at all—has been to take "monetarism," which was a technical term and turn it into a scare word. So much so that Lord Chalfont, I am sure in all innocence, used the word in a recent television programme to mean opposition to a mixed economy and any kind of welfare state.

This, of course, is just wrong. Monetarism is about the relation between money and prices; and it has also developed into a critique of postwar full employment policies, saying that attempts to spend ourselves into target employment levels would lead eventually to ever-increasing inflation with no benefit to employment.

This last point seems to fit experience all too well, self-styled empiricists might note. But I am not here concerned to argue to what extent monetarism is right or wrong; simply to inform anyone who remains interested in honest debate that it is nothing to do with the welfare state, the supposed incentive effects of income tax cuts, the ownership of industry, the soul of the British Conservative Party or the nature of the ultimate reality. Monetarists can and do take any number of views on all these matters.

Nor is monetarism the same thing as the world outlook of

Professor Milton Friedman, which covers far more besides, and which certainly does not have to be accepted or rejected in toto. Unfortunately the vilifiers have succeeded so well in blacking the word that "monetarism" is now simply a word of abuse for the general public. A new term will have to be invented.

More harmful in practice is the almost universal myth that there is something called government or the state, which can provide or do things for people. This comes out clearly in the steel dispute where some people are howling that the Government should be more generous. It so happens that I have been critical of the Government's handling of this from an early date (Economic Viewpoint, January 10) on the grounds that the steel workers were being asked to move towards market determined wages, when other groups from miners to teachers, public sector clerks and dustmen, are exempt from such pressures under Clegg or by others.

But aid for steel workers to ease the contractionary pains of their industry is not a question of how generous a group of people around the Cabinet table are to be, but how generous you and I want to be. Are we, the citizens of this country prepared to pay more tax or forego other public services for the sake of the steelmen? (And the same goes for the other groups mentioned.) If the question were put in this way, there might be a little less emotional and physical blackmail.

That is why Mr. Callaghan is doing such harm by saying that another £20m on the Public Sector Borrowing Requirement to settle the steel strike would not matter. (Would that it were so cheap!) Of course there



SIR IAN GILMOUR
A Tory paternalist



MR. JAMES PRIOR
Incredible argument

is no magic in any particular number for the public sector borrowing requirement, which can be defined in innumerable different ways. But if the PSBR definition were different and the limit were even £20m higher, it would still be true that more of one thing meant less of something else. Some conventional yardstick is required to bring home this truth before we go the way of Weimar.

But the most perverse position of all is that the law should have as little as possible to do with the unions. Any libertarian wants to minimise legal restraints all round. The argument, incredible though it is, on which Mr. Prior has battled for the "doves" refers to the degree to which unions should

be immune from laws which apply to other bodies and individuals.

There is room for more than one opinion about how best to tackle union monopoly power. But about the lowest point in the political backbiting of the past few weeks has been the view, attributed to Ministers in Press articles, that radical measures would "lead to a general strike." It is certainly prudent for Ministers in their innermost councils to minimise the chance of such a constitutional clash of wills. But a Minister who can use general strike threats in a routine Press briefing against his own colleagues has no place in any government, whether a Conservative, Lib-Lab, or Socialist. Mrs. Thatcher will be Prime

Minister in name alone so long as any Minister is regarded as indispensable, however he behaves.

When one moves towards more refined pastures, one comes against an immediate obstacle. One difficulty in coming to terms, for instance, with Sir Ian Gilmour's Cambridge speech is that it is argued in terms of that elusive metaphysical substance, the true nature of Conservatism. (I used to have a similar difficulty with the Labour debates of the Crosland era.) For most of us, including, I would guess, many card-carrying party members, political parties are instruments for carrying out ideals as well as interests, not ends in themselves.

Sir Ian's artillery of highly selective quotations, rather than argument, is devoted to attacking that figure of straw "the nightwatchman's state." In fact, hardly any of the great market economists has ever advocated any such thing. No one listening to Sir Ian would suppose that Professor Hayek, his special target, had devoted about a third of the Constitution of Liberty to the duties of the state—like Adam Smith before him.

The Lord Privy Seal is welcome to the ghost of Disraeli, but I draw the line when he calls in David Hume, the greatest speculative mind of the 18th century and a pioneer of both the quantity theory of money and prices, who demolished the perennial arguments for government controlling trade—as an alleged opponent of abstract political speculation.

The danger of any body of doctrine being misunderstood and vulgarised in political application is, of course, great. Nevertheless, the so-called pragmatic approach of taking decisions on their individual merits or "on the facts" is a

logical impossibility. Specific judgments cannot be made in a vacuum but involve implicitly both broad empirical judgments of the effects of different types of situations and policies, and value judgments about the desirability of different types of outcome. (Sir Ian's "ideology," Paradoxically, it is just because the principles of evaluation of the political empiricist are likely to be vague, muddled and inconsistent that his decisions are most unlikely to be related in any predictable way to any particular set of facts. Simply to quote Burke on "moderation" being the "virtue of superior minds" is a declaration of intellectual bankruptcy. For it is an obligation in favour of others who affect the terms of the debate in which the moderate seeks to mediate.)

My own difficulty with writers such as Hayek or Friedman is that so far from providing rigid dogmas, they still leave one in the air on policy yardsticks. A great number of other writers, hardly ever mentioned in the current media battle, have worked very hard, by methods other than quotations from Burke, on the idea of a "social" or "corrected" market economy. I may be forgiven for prejudice in favour of my own guidelines in Capitalism and the Permeable Society (Macmillan 1973), from which what follows is largely taken.

"The vague term 'guidelines' has been deliberately used in preference to 'principles.'"

"(1) Individuals should be regarded as if they are the best judges of their own interests, and policy should be designed to satisfy the desires that individuals happen to have, excluding desires to coerce or downgrade other people. Our best chance of doing it is through the 'corrected market economy.'"

"(2) These corrections and interventions should as far as

possible take the form of impersonal general rules with a minimum of discretionary power by publicly appointed officials—or private bodies engaged to backstage pressure—over their fellow men.

"(3) We should try to limit the domain of political authority even though we cannot mark out exact boundary lines in advance. Allied with these presumptions go certain rule-of-thumb maxims of a lesser state but still worth mentioning in a summary. These include: Look for self-adjusting mechanisms, whether natural or contrived wherever possible; if the mechanisms you find are unsatisfactory, seek to modify their operation rather than to replace them by directives and prohibitions. Again: It is safer to rely on people's private interests rather than their professed public goals.

"A further useful maxim is: Irresponsible bodies exercising power, but subject neither to the disciplines of the marketplace nor to open political scrutiny and control, are to be avoided.

"The whole outlook favours the pursuit of prosperity, provided that that is what people want, and prosperity is interpreted in a non-mechanistic way to include leisure, amenities, congenial working conditions and all the other aspects of living standards which do not show up in GNP figures.

"A sensible economic liberal will not refuse to compromise. The test of his judgment is to pick the compromise that is second or third best, rather than fourth or fifth best, from the point of view of his beliefs. But before one can begin to compromise one has to have some idea of where one would like to go.

Samuel Brittan

Letters to the Editor

The right to work

From Mr. J. Butcher.

Sir,—Section 15 of the Trade Union and Labour Relations Act 1974 does not discriminate between the right of pickets to peacefully persuade people to work, or not to work. Exercising my rights under this Act, I stood outside the main gate of Grunwick one morning in August, 1977 to peacefully persuade that company's employees to work there. I stood alone.

Your Labour Editor reported on February 20 that "Picketing is when people stand outside factory gates in order to stop other people working or moving goods in and out."

TV pictures showed the pro-work ladies of Sheerness standing across the road from the front gate of their local steel works, whereas the anti-work pickets were standing on either side of the gate, with police in attendance.

It is quite wrong for the police to discriminate between pro- and anti-work pickets and each lot should be allowed to stand on different sides of the gate, with a sufficient gap between them to avoid conflicts. As for the gap, well that is use it to pass into or out of the factory!

John V. C. Butcher, 10, Marsham Court, Marsham Street, Westminster, SW1.

Fourth TV channel

From Mr. N. Baker, MP

Sir,—Mr. Derek Bloom, chairman of the Incorporated Society of British Advertisers' fourth channel working party, maintains (February 12) that the control exercised by the Independent Broadcasting Authority would be sufficient to prevent a ratings war coming about on the fourth channel.

But is this really the case? It is of course undeniable that these controls are now exercised over ITV which is indeed engaged in a full-time ratings war with BBC.

Surely the point is that competitive sale of airtime involves, albeit indirectly through the ratings, steady and ineluctable pressure for programmes which will compete with those on the other channels. Standards will fall as they have in the past.

The whole purpose of the Government's fourth channel proposal, which derives from the report of the Annan Committee, is that the fourth TV channel should be as independent, non-competitive and uncommercial as possible.

Whether the Government's proposal will achieve this is open to doubt. The result of a competitive fourth channel would result in the kind of ratings war which no one professes to want. Nicholas Baker, House of Commons, SW1.

Stock Exchange Examinations

From Mr. N. Rice

Sir,—I would agree with Mr. Bradshaw (February 15) that a more open discussion of the Stock Exchange exams and the requirements for membership is desirable. Mr. Bradshaw,

however, implies that to be elected to membership of the Stock Exchange one only need pass the exams, whereas the rules specify that, as a minimum, three years of experience in a member firm are necessary.

My case illustrates the possibilities for a thorough training. Before joining the international department of a leading London firm I graduated in accounting and had some post graduate professional experience but I was trained in all the firm's departments, such as settlements, dividends, contracts, and was given some market experience. Surely, then, it is for the member firms to recruit people with a reasonable academic background and "an ability to think and speak clearly" and then build on these basic abilities whilst developing the individual.

I would also dispute that the present system of Stock Exchange exams is absurd. I have found each exam has required extensive study and has covered areas of broking which frequently prove valuable in practice. Naturally, it will take some time to establish the most appropriate format, syllabus and standard of exams but I would argue that the council has made a lot of progress in the ten years it has been setting exams.

Mr. Bradshaw appears to be saying that some current members would probably not be capable of learning the rules—which incidentally only form part of one of the four papers—that are supposed to govern

the way they conduct their business. Nigel J. T. Rice, 21, Cherrywood Court, Cambridgeshire, Tuddington, Middlessex.

Arbitration on entry

From Mr. R. Arkell.

Sir,—I refer to your correspondent H. Bradshaw's comments (February 15) in connection with the present Stock Exchange examinations.

As you may know, these examinations were introduced some 10 years ago as a completely new departure for potential entrants to the London sector of the Stock Exchange.

Like many relatively older entrants during this time, I felt that the examinations constituted an extremely unwelcome hurdle and was inclined to feel that a degree qualification (but not merely good "O" Levels) should be acceptable as a means of exemption. Having successfully negotiated the exams, however, I feel that I can in no way share your correspondent's views. I have, in fact, subsequently found the subject matter in each of the four cases strictly relevant to the work involved and find myself at a complete loss to discover why an "ability to learn parrot-wise lists of arcane rules and regulations" has anything at all to do with the requirement. No one would deny Mr. Brad-

shaw's contention that clarity of speech is an important requirement, nor that foreign languages constitute a great advantage but nevertheless it seems likely that these qualities alone plus experience would not be acceptable by the average stockbroker's client as a sufficiently broad base for giving investment advice. Further, he might possibly feel that the ability to make simple personal taxation calculations, to interpret company reports and accounts and to be familiar with the general techniques of investment are necessary prerequisites for the job which he would like his stockbroker to do. These are precisely the subjects which the examinations cover.

Many members might perhaps agree that the quickly changing character of Stock Exchange practice, that this particular examination assumes a much reduced importance in terms of its subsequent relevance; in any event this particular aspect must be an essential part of the training given by member firms.

Otherwise if the exams constitute an arbitrary means of entry as Mr. Bradshaw suggests, they seem to me to be fulfilling exactly the functions for which they were not doubt designed: they arbitrate between those who are prepared to acquire the knowledge to pass them and those who are not. R. J. Arkell, Middle Farm, Wotton Underwood, Nr. Aylesbury, Bucks.

Wide education needed by British engineers

From Professor D. Garbutt.

Sir,—Sir Monty Finniston's recent report diagnoses the key differences between Britain and its competitors as lying "in the differing emphasis given to the specification and qualities of the products made and in the way they are manufactured." In other words in the work of engineers. I take this to be a criticism of engineers (some of whom may be expected to design motor cars).

Whenever people—British Steel or the engineering profession—are looking for large sums of money to be invested in them, they must turn to someone for the finance.

As Sir Monty's report points out, proposals for innovation are characterised by high capital expenditure and "returns which may not accrue until long after the initial investment; moreover for every success there are many failures." The report does not remark that on the financial fact that if some projects fail, the return on the successful projects needs to be so much higher if a satisfactory return on investment is to be obtained on long-term investment, as a whole.

The Wilson Committee evidence shows that there is no shortage of finance for industry. The shortage is in profitable projects. So far as public funds go, however, there is a shortage and if more resources are to be diverted to engineering education they must come from somewhere. Ultimately, the investor must trust the judgment and capacity of the supplier for funds. Those businesses which are efficiently operated—and I know a lot, even in this part of the world—will not experience difficulty in obtaining finance.

Unfortunately, from some viewpoints, people holding the purse strings tend to turn to

accountants for expert advice on investments and accountants usually look at the track-record of those seeking financial support.

If the education of engineers has been falling, will more money solve the problem? Should they get it?

The Finniston Committee is looking to the Government to finance a highly ambitious scheme for improving the quality of engineers. One accepts that an improvement of quality is necessary and that some long-term plans should be made. But the disappointing thing about Finniston is that the central theme is that it is the social valuation of engineers that must be changed. This theme goes back over a 100 years to the UK. I doubt its validity.

The accounting profession illustrates the point. Far less public money has been poured into educating accountants than engineers, yet the prestige of the profession has risen markedly. Social prestige, it appears, can be earned by performance.

The state of British manufacturing industry is such that the main emphasis must be, for the moment, survival by making the best and most cost-effective use of what we already have. The present emphasis should be on raising the productivity. If Sir Monty's engineers do this, they will then have a case for more money and also, the incidental benefit of avoiding the accountant in his least attractive role of liquidator!

What is needed from engineers is that the necessary skills of financial and economic analysis should be incorporated into the essence of their work. One old definition of an engineer is "a man who can make for £2 what any fool can make for £5." For some British engineers

GENERAL

UK: Management and unions meet for water workers' pay talks.

Organisation of Petroleum Exporting Countries starts two-day long-range planning meeting in London.

Mr. Reubio Askew, President Carter's Special Trade Representative, speaks at a Trade Policy Research Centre dinner, London. Prince Charles visits headquarters of Inland Revenue, Somerset House, WC2.

Two-day auction starts of rare historical documents and autographs, including Nelson, James I. Florence Nightingale and Emmeline Pankhurst. Stanley Gibbons, Russell Street, WC2.

Overseas: TUC delegation meets Mr. Henk Vredeling, EEC Commissioner for Social Affairs, and Viscount Etienne Davignon, Commissioner for Industry, to discuss EEC aid for coal and steel, Brussels.

Mr. Cyrus Vance, U.S. Secretary of State, in Paris and London for talks on Afghanistan.

PARLIAMENTARY BUSINESS

House of Commons: Debate on airports policy.

House of Lords: Protection of Trademark Interests Bill, report.

Today's Events

stage, Sea Fish Industry Act 1970 (Increase in Rate of Levy) Order 1980.

Select Committees: Agriculture, Subject: Economic, social and health implications for the UK of Common Agricultural Policy on milk and dairy products. Witnesses: The Dairy Trade Federation, Room 16, 11 am. Home Affairs. Subcommittee on Race Relations and Immigration.

OFFICIAL STATISTICS

Public sector borrowing requirement and balance of local authority borrowing (fourth

quarter). Capital expenditure by manufacturing, distributive and service industries (fourth quarter—provisional). Manufacturers' and distributors' stocks (fourth quarter—provisional).

COMPANY MEETINGS

Brooke Tool Engineering, Great Eastern Hotel, Liverpool Street, 2.30. Dobson Park, Albany Hotel, Nottingham, 12. Greenall Whitley, Lord Daresbury Hotel, Daresbury, Nr. Warrington, Cheshire, 12. United Guarantee, Worcester House, 77 London Wall, EC, 12. Thos. W. Ward, Royal Victoria Hotel, Sheffield, 2. Westland Aircraft, Hyde Park Hotel, Knightsbridge, SW, 12.

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Peterborough
Cathedral city—new town

Carrington Viyella falls Anglia TV falls by £0.9m

£6m in second six months but sees quick recovery

A SECOND half slump from £3.42m to £3.4m has left taxable profits of Carrington Viyella, textile manufacturer, well down from £14.5m to £3.4m for 1979. Despite a higher share of associates' profits of £2.6m (£33,000), there were increased reorganisation costs of £2.4m against £702,000, and interest charges, up from £5.8m to £8.37m.

Mr. L. Regan, chairman, says the current year will benefit from the elimination of loss making sectors, and the group will continue "the drive to reduce internal operating costs and improve efficiency."

Attributable profits came out at £4m, compared with £10.4m, after tax, preference dividends, and an extraordinary debit of £1.77m for the period arising from the sale of an Italian subsidiary, Carrington-Tesit.

The final dividend is 0.4p leaving the total payment more than halved at 1.1p (2.35p) net per share. Earnings are shown as 3.19p (5.88p).

Profits were unchanged mid-way at £5.8m but the directors warned of the effects of higher VAT, increased interest rates, inflation, together with an expected recession in the U.S. External sales were £31.8m for 1979, the previous total of £32.7m including £26.7m from Consolidated Textile Mills, now an associate—attributable profit to the group was £2.9m (£0.8m).

External sales 312,782 Profit 16,845 Rango, costs 2,437 Associates' share 83 Interest 8,374 Pre-tax profit 4,493 Tax 2,202 Minorities 255 Prof. dividends 513 Attributable 4,006 Ord. dividends 1,597 Retained 2,009

* Includes £26.7m from CTM. † Includes £2.5m (£0.8m) from CTM.

HIGHLIGHTS

Carrington Viyella, one of Britain's largest textile groups, has drastically cut its dividend and is batten down the batches. Lex discusses the group's tactics in the face of the squeeze and suggests that the coming results season will reveal a number of other companies in much the same position. Elsewhere the Lex column comments on the further international signs of rising money rates, this time in Europe, and comments briefly on the difficulties of the discount houses, of which one—Gillett Brothers—reported yesterday with lower profits and dividends. Finally Lex gives advice on the Blue Circle offer for Armitage Shanks. On the inside pages Anglia TV's latest figures show the ravages of the TV strike, but profits are recovering rapidly this year.

The Dorme household textile operation also remained strong.

Women filament also improved profits, the chairman says, and the group, which registered exports of £4m, increased its shipments to Europe by 10 per cent despite the high value of sterling.

The group is planning to shift the emphasis within its carpet operations away from the bottom end of the market towards higher quality products.

The Carrington carpet brand name is being promoted and a move into the car carpet market is planned, the group is hoping to capitalise on the links it already has with motor manufacturers through its car seat fabric business.

Carrington will be seeking in other parts of the business to respond quickly to changes in the market place, Mr. Regan says. Current demand at retail level appears fair he adds, but it will be several months more before the trend for the rest of the year can be accurately forecast.

As at December 31, the group's balance sheet shows fixed assets at £73.27m (£71.15m) and net current assets of £35.17m (£35.27m)—overdrafts and short term borrowings increased from £11.05m to £19.02m. Net assets totalled £194.98m (£163.66m).

See Lex

BRITISH TAR

Holders of British Tar Products' £500,000 10 1/2 per cent second convertible unsecured loan stock 1982 have converted their holdings into ordinary shares and 1,612,899 ordinary shares have been issued.

As a result of this, Pension Funds Securities "A" account now holds 2,043,961 ordinary shares representing 13.64 per cent of the enlarged share capital.

Better trend at Anglo African

FOLLOWING THE downturn in first-half pre-tax profits from £124,504 to £37,809, Anglo-African Finance Company, securities dealer, made some recovery in the second six months, to end the year to July 19, 1979, slightly lower at £198,962, compared with £205,085.

Results include dividends of £33,388 from Dewhurst Dent, of which the company held 45.46 per cent at July 19.

Stated earnings per 7 1/2p share were little changed at 1.57p against 1.59p, and the dividend for the year is kept at 0.75p net per share.

Construction Holdings passes £0.28m

In the 15 months to September 30, 1979, pre-tax profits of Construction Holdings, consulting engineers to metallurgical industries, was £257,189 after a surplus on realisation of investments amounting to £116,308. Turnover was £174,537 and tax charged amounted to £39,935.

Pre-tax profits for the previous 12-month accounting period were £232,208 from turnover of £158,225. Then there was a surplus on realisation of investments of £157,348 and a tax charge of £72,107.

Stated earnings per 20p share are 20.5p against 22.1p in the previous 12 months. A net dividend of 9.5p (7.03p) has already been paid for the period.

DUE TO the TV strike pre-tax profits of Anglia Television Group fell from £1.55m to £0.7m in the second half of the year to October 31, 1979, leaving the 12 months figure some £0.88m lower at £2.72m.

However, the directors say that results for the current year should return to a more satisfactory level. Inflation and further investment in programmes will inevitably increase costs, but advertising revenue continues to improve and there should be further contributions from the sale of programmes and non television activities.

Turnover for 1978-79 totalled £18.3m (£20.3m) and profit was struck after Exchequer levy of £1m (£3.12m) and associated profits of £358,000 (£364,000). Depreciation and amortisation charged amounted to £913,000 (£750,000). Tax took £1.19m (£1.57m) and after extraordinary items and minorities the attributable balance emerged at £1.54m against £1.71m.

Earnings per 25p share are stated at 11.38p (12.92p) and the final dividend of 2p net effectively raises the total payment from 3.1445p to 3.572p.

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ASSOCIATES DEALS

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The directors report that the group continued the expansion of its programme making capacity and the sale of programmes made a significant contribution to turnover, especially overseas which totalled £11.6m. Profits from non television sources also increased.

Profit on sale of investments, treated as an extraordinary item in previous years, has now been included in the profit before tax and comparative figures have been adjusted accordingly, resulting in an increase of £47,000 (£73,000).

The directors believe that no apportionment is likely to arise as a result of the company's close status for tax purposes.

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The attributable balance advanced from £

£1.25m loan for reshape at Cope Sportswear

BY RHYS DAVID

A MOVE to win back at least some of the British market in woven upholstery fabrics from importers, is to be made by Cope Sportswear, the expanding Leeds-based textile group, with the aid of a low-interest loan from the European Investment Bank.

The loan, totalling £1.25m at 11 per cent over seven years, is the third, secured by the company and brings to nearly £2m the assistance received towards the company's development plans.

According to Mr. Geoffrey Cope, the chairman, the move is to reshape the company have

been taken before they were forced on it by the expected tough trading conditions this year. "In the past eight months we have restructured and re-equipped the group completely. As a result we should be in a position to take advantage quickly of any improvement that comes along," he states.

The latest loan is being used to help finance the installation of 12 high speed Raper looms at Colne, Lancashire, to replace 40 older shuttle-type looms on the site and in Bradford.

The group, which also has interests in clothing manufacture

and retailing, estimates that around 70 per cent of upholstery pile fabric of the type that will be made on its new looms is imported, mainly from Belgium, Germany and Spain.

A doubling in productivity is anticipated from the current fabric investment programme, and this will enable Cope to compete effectively with imports and to increase exports, the chairman claims.

The company's plans also include a new finishing department at Colne to which some employees currently working in the existing, more labour-intensive, weaving operation will be transferred.

At Bradford, weaving will be phased out in favour of silver knitting—a process used for the manufacture of pile fabrics for car seat covers, under-blankets, slippers and similar applications. The total re-equipment programme is expected to cost around £2.5m.

As a further element in its diversification the group is developing a stake in retailing, which would give Cope the benefit of a view of developments through to the consumer, the chairman states.

Over the past 18 months a small chain of shops in Yorkshire and the North-East has been built up, trading under the Pennysave name and selling a range of household textiles, clothing and other related products.

So far nine shops have been opened, in what are termed first class secondary sites in small towns. Shop sizes are in the 6,000-10,000 sq ft range and a turnover in each of around £500,000 is being sought.

Blue Circle still hoping for Ceramics acceptance

SIR ROWLAND WRIGHT, chairman of Blue Circle Industries, the major UK-based cement group, yesterday told the group's shareholders that he hoped the Lebanese-owned Ceramics Investments, a major shareholder in Armilage Shanks, would soon accept Blue Circle's £31m bid.

Ceramics, controlled by the Gargour family interests, owns around 25 per cent of Armilage, which is Britain's last major independent manufacturer of sanitary ware. The Lebanese group is firmly opposed to the Blue Circle offer.

Blue Circle's offer was originally worth £25m, or 80p a share when the terms were

announced last month. But the bidder's share price has rallied and now values the bid at nearly 90p. At the time last week a value of £33m was put on the offer, which gives two Blue Circle shares for six of Armilage.

Sir Rowland told shareholders, at an ECM to obtain approval for the capital increase, that Ceramics Investments has stated they do not intend to make a counter offer for Armilage Shanks.

He said: "We hope with no other offer on the table they will soon accept. Otherwise they may remain as minority shareholders."

"They have in the past dis-

missed with the board of Armilage Shanks possible areas of co-operation in the Middle East, and it seems to us that they have a further interest in the outcome of the offer, — a commercial interest which other shareholders do not have."

"Apart from Ceramics I am not aware of anyone suggesting that our offer is other than fair and reasonable. We have the total support of the Armilage Shanks board and its advisers and, to those shareholders," he warned, "who are hoping for something higher, I have to say that we can see no reason why our offer should be altered in any way."

No lack of suitors for DCM UK side

Several interested parties were yesterday preparing to bid for the profitable UK business of Danheer-Corner-Max, the international toy company which was placed in the hands of a Receiver on Tuesday.

At least three tentative offers have been passed to Mr. Paul Shewell, who is now responsible for the day-to-day management of the parent company.

It is understood that one of the offers is for the whole of the UK toy operation, while the other two are for parts of the group including the DIY and industrial divisions, which will probably be floated off later this year.

Other potential bidders were yesterday trying to work out the likely values of the subsidiaries whose products include Hornby trains, Sealextric slot-car racing systems and Sindy dolls.

In the City it was estimated that the Hornby operation, the group's biggest profit earner, could be worth up to £3m, with Pedigree fetching roughly £5m, and Cornish, which specialises in pre-school toys, about £1m.

There are a number of companies which would theoretically be interested. They include the UK's other major toy companies, such as Lesney, Mettoy, Berwick Timpo and M.Y. Dart, as well as U.S. and European toy groups and companies, such as, amongst others, Tomy, Tintex and Mattel.

R. & J. Pullman buys bridal wear manufacturer

R. and J. Pullman, the textile company, is acquiring Ronald Joyce, manufacturers of bridal and evening wear, for £1m cash, 20.25m in shares and 25 per cent of Joyce's pre-tax profits for each of the three financial years ending April 30, 1983.

The effective date of the acquisition will be April 1, 1979. Joyce's profits for the 15 months to April 30, 1980 are warranted to be not less than £1.6m pre-tax, with net assets at year end standing at more than £1m.

R-R Realisations well covered against writs

BY ARNOLD KRANSDORFF

R-R Realisations, formerly Rolls Royce Limited (now in voluntary liquidation), through the liquidators, have clarified the group's involvement in litigation over the Caravelle aircraft crash in Bombay in 1976.

The Caravelle aircraft was powered by engines manufactured by the company 18 years ago. Writs have been issued against the company and several other parties in connection with the crash.

The joint liquidators said yesterday they believed they have adequate insurance cover in respect of risks arising from the failure of any of the company's products. The joint liquidators believe that the claims are without merit.

An application was made to court for authority to distribute

the remaining assets of the company to the shareholders. This application was not accepted by the court and the joint liquidators therefore could not make the proposed distribution.

Since November 26, detailed discussions have taken place between all parties involved and their legal advisers. However it has not been possible to resolve all outstanding objections.

In the present circumstances the joint liquidators cannot make any further distribution in stockholders at this stage. A meeting of holders will be called and held on or before June 30.

Another meeting, scheduled for February 23, will go ahead as planned but no business will be transacted.

The meetings will be adjourned sine die.

Placed out in favour of silver knitting—a process used for the manufacture of pile fabrics for car seat covers, under-blankets, slippers and similar applications. The total re-equipment programme is expected to cost around £2.5m.

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Henderson-Kenton suspension

Shares in Henderson-Kenton, the retail furniture group, were suspended at the company's request yesterday as a result of a bid approach. At the suspension price of 118p the company is capitalised at £7.6m.

The company said that it requested a temporary suspension "as a result of an approach which may or may not lead to a general offer for its share capital."

There were rumours in the stock market that the company involved was Harris Queensway, which last June made a successful £28m bid for Hardy and Co (Furnishings). Mr. Philip Harris, the chairman said that he had no comment to make on this. The Harris shares fell 8p to 178p yesterday.

Henderson's latest accounts for the year ended March 31, 1979 showed the directors and their associates holding 29 per cent of the equity and Mr. G. P. Eisen, a former director, with a 7.4 per cent stake.

Henderson, which operates through some 75 outlets, recently reported a 28 per cent drop to £387,000 in pre-tax profits for the first half of 1979/80. The directors reported that the January sales had been excellent but they warned that the full year results would not match the record £2.07m achieved in 1978/79.

HEATH COMPLETES SPRINKS DEAL

In accordance with the agreement dated March 13, 1978 for the acquisition by C. E. Heath and Co. of 80 per cent of the capital of Group Sprinks the second and final instalment of the purchase consideration has been made by the issue of 334,789 ordinary shares of 20p in Heath and the payment of £19,341,076 to the vendors.

RACAL/DECCA

Racal yesterday purchased 500,000 Decca ordinary at 600p and 14,536 "A" ordinary at 500p from a company associated with Dr. J. Dimenstein, a director of Decca.

These shares were included in the total figures relating to the irrevocable undertakings stated on February 14.

TEBBITT

Tebbitt Group has exchanged conditional contracts for the sale, for £170,000, of its factory premises at Countess Road, Northampton.

FURNESS WITHY

BSME Nominees, part of the Hong Kong and Shanghai Banking Group, holds 1,425,000 shares in Furness Withy (5.3 per cent) as nominee. The stock is held for Wardley (Vita) of Hong Kong on behalf of Arnside S.A., which is in turn controlled by the C.Y. Tung Group. The latter had already disclosed that it owned 5.3 per cent of Furness Withy and this is just confirmation.

BICC DISPOSALS

BICC has sold Vero Precision Engineering and Vero Advanced Products to executives of the two companies. Both specialist engineers, they

became part of the BICC group last November when it acquired the private company Vero Electronics, and associated companies within the Vero Group, as part of its long term plans to move further into the electronics field.

HARRIS & SHELDON EXPANDS GUNMAKING

The Harris and Sheldon group has formed a new marketing company, British Sporting Gun-

makers, following a £0.25m investment in W. and C. Scott, Birmingham-based sporting gun manufacturers.

Scott, to be renamed W. and C. Scott Gunmakers, is in new premises at Witton, Birmingham, and has been revived to make and market two new sporting guns to be sold direct to the public.

Harris and Sheldon already own two other gunmakers, Webley and Scott, acquired in 1973, and Churchill, Atkin, Grant and Lang, of Pall Mall, bought in 1974.

Utd. Newspapers purchase

United Newspapers has agreed terms for the acquisition of J. Andrew and Co. publishers of the Ashton-under-Lyne Reporter and associated weekly newspapers. The consideration of £21,925 United Newspapers ordinary shares and £390,000 cash values Andrew at around £1.9m.

The acquisition is expected to contribute about £150,000 a year to pre-tax profits and it is intended that the papers, which had a net asset value at December 31, 1978, of about £425,000, will continue under present management and staff.

Group has been formed with ICF taking a 24.8 per cent stake and providing a 15-year loan of £500,000. Decorettes Group is forecasting record sales of more than £3m in the current year with profits in excess of £250,000.

Decorettes interests range from Disney transfers through lettering to metalised wall covering and D.I.Y. shelving. Eagle, the industrial transfer division has National Bus and the Post Office van fleet as major customers.

BROCKHOUSE

The product lines, trading name and certain assets of Epro, a wholly-owned subsidiary of Booker McConnell, is to be acquired by Brockhouse for a sum not exceeding £1.1m cash.

On completion, intended for the end of February, Epro products will be integrated with those of Harvey Frost, part of Brockhouse's general engineering division.

Both are suppliers of hydraulic lifting equipment to the transport service and garage equipment industry.

MANAGEMENT BUYS DECORETTES

The management of Decorettes, a major UK transfers manufacturing group has completed a £706,000 buy-out with support from ICFP.

The deal follows negotiations between Decorettes with its subsidiaries Eagle Transfer and Decorette Marketing Services and holding company, Newman-Tunks.

BASE LENDING RATES

A.B.N. Bank	17 1/2 %	Guinness Mahon	17 1/2 %
Allied Irish Bank	17 1/2 %	Hambros Bank	17 1/2 %
Amro Bank	17 1/2 %	Hill Samuel	17 1/2 %
American Express Bk.	17 1/2 %	C. Hoare & Co.	17 1/2 %
Henry Ainsbacher	17 1/2 %	Hongkong & Shanghai	17 1/2 %
A.P. Banks Ltd.	17 1/2 %	Industrial Bk. of Scot.	17 1/2 %
Arbutnot Ltd.	17 1/2 %	Keyser Ullmann	17 1/2 %
Associates Cap. Corp.	17 1/2 %	Knowles & Co. Ltd.	18 1/2 %
Banco de Bilbao	17 1/2 %	Langley Trust Ltd.	17 1/2 %
Bank of Credit & Comm.	17 1/2 %	Lloyds Bank	17 1/2 %
Bank of Cyprus	17 1/2 %	Edward Manson & Co.	18 1/2 %
Bank of N.S.W.	17 1/2 %	"Dland Bank	17 1/2 %
Banque Belge Ltd.	17 1/2 %	Sammel Montagu	17 1/2 %
Banque du Rhone et de	17 1/2 %	Morgan Grenfell	17 1/2 %
la Tamise S.A.	17 1/2 %	National Westminster	17 1/2 %
Barclays Bank	17 1/2 %	Parsons Trust Ltd.	17 1/2 %
Brenar Holdings Ltd.	18 1/2 %	P. S. Refson & Co.	17 1/2 %
Brit. Bank of Mid. East	17 1/2 %	Rossmore	17 1/2 %
Brown Shipley	17 1/2 %	Ryl. Bk. Canada (Ldn.)	17 1/2 %
Canada Perm. Trust	18 1/2 %	Schlesinger Limited	17 1/2 %
Cayzer Ltd.	17 1/2 %	E. S. Schwab	17 1/2 %
Cedar Holdings	17 1/2 %	Security Trust Co. Ltd.	18 1/2 %
Charterhouse Japbet	17 1/2 %	Standard Chartered	17 1/2 %
Choniaris	17 1/2 %	Trustee Savings Bank	17 1/2 %
C. E. Coates	17 1/2 %	Twentieth Century Bk.	17 1/2 %
Consolidated Credits	17 1/2 %	United Bank of Kuwait	17 1/2 %
Co-operative Bank	17 1/2 %	Whiteaway Laidlaw	17 1/2 %
Corinthian Secs.	17 1/2 %	Williams & Glyn's	17 1/2 %
The Cyprus Popular Bk.	17 1/2 %	Wintrust Secs. Ltd.	17 1/2 %
Duncan Lawrie	17 1/2 %	Yorkshire Bank	17 1/2 %
Eagle Trust	17 1/2 %	Members of the Accounting Houses	17 1/2 %
E. T. Trust Limited	17 1/2 %	Committees	17 1/2 %
First Nat. Fin. Corp.	18 1/2 %	7-day deposits 15%, 1-month deposits 15 1/2 %	
First Nat. Secs. Ltd.	18 1/2 %	7-day deposits on sum of £10,000 and under 15%, up to £25,000 15 1/2 %, over £25,000 16 1/2 %	
Robert Fraser	18 1/2 %	Call deposits over £7,000 15 1/2 %	
Grindlays Bank	17 1/2 %	Demand deposits 15%	

Gillett Brothers Discount Company Limited

Preliminary Results

The directors of Gillett Brothers Discount Co. Ltd. announce the results (subject to audit) for the year ended 31st January, 1980.

	1980 £	1979 £
Group balance for the year after tax and transfer from contingencies (1979 group profit after tax and transfer to contingencies)	110,666	212,932
Balance brought forward	226,825	482,456
	337,491	695,388
Dividends paid and proposed	282,574	458,563
Balance carried forward	£44,917	£136,825

In order to help maintain the company's resources so as to be in a position to benefit from any future decline in interest rates the directors propose a final dividend of 3.5% (5% gross). Together with the interim dividend paid in August last of 7% (10% gross) this amounts to a total of 10.5% (15% gross) for the year. Dividends paid in the previous year were an interim of 6.7% (10% gross) and a final of 10.251% (15.3% gross).

The following are the main items shown by the balance sheet:

Total capital and published reserves	4,455,696	4,637,604
Bills discounted	164,666,272	192,658,085
Sterling and dollar certificates of deposit and currency instruments	3,407,048	11,415,717
Listed investments	12,809,172	8,052,374
Goodwill less amounts written off	400,000	500,000
Contingent liability on commercial bills rediscounted	103,303,000	46,411,000

This announcement appears as a matter of record only.

January 24, 1980

US-Home

1,650,000 Shares of the
Common Stock of

U.S. Home Corporation

have been acquired by

Société Des Maisons PHÉNIX S.A.

The undersigned initiated this transaction and served as financial advisor to U.S. Home Corporation.

Bankers Trust Company

DAEJAN HOLDINGS LIMITED

INTERIM STATEMENT

Unaudited Results for the Half Year ended 30th September 1979

4 months to 30.9.79 £'000

6 months to 30.9.78 £'000

6 months to 30.9.77 £'000

Rental Income and Charges

Receivable, less Property

Outgoings

Surplus on Sales of Properties

Other Income

Financing Charges and

Other Expenses

Exceptional provision for

Property Outgoings

Group Profit before

Taxation

Less Taxation

Less Minority Interests

Earnings per Share

An interim dividend of 1.225p per share (1978—1.1725p—same gross payment) will be paid on 28th March 1980 to shareholders registered on 29th February 1980.

For the full year to March 1980 it is expected that profits before taxation and before special provisions will be at a similar level to those achieved in the previous year.

CORRECTION

U.S. \$10,000,000

Floating Rate U.S. Dollar Negotiable
Certificates of Deposit, due
22nd February 1983

**BANK OF TOKYO
INTERNATIONAL LIMITED**

Please note due to a typographical error the advertisement published on the 19th February, 1980, should have read, due 22nd February, 1983, and not 22nd February, 1982.

Merrill Lynch International Bank Limited
Agent Bank

Noranda looks for new growth in 1980

BY KENNETH MARSTON, MINING EDITOR

RECORD sales and earnings achieved by the Noranda Mines natural resources group last year were the highest for any Canadian mining company. They reflect the fact that "the expected U.S. recession had little impact for Noranda group products except in isolated instances."

John Sogamich reports from Toronto that 1979 net profits soared to C\$394.5m (£147m), or C\$4.70 (175p) per share, from C\$135.2m. A notably strong fourth quarter provided earnings of C\$52.1m per share. Total revenue for 1979 was C\$2.45bn compared with C\$1.69bn.

The company says that demand for its products was "reasonably strong" last year and many prices moved up towards levels "needed to justify investment in new capacity." It

is added that there was considerable improvement in prices for copper, zinc, pulp and, towards the end of the year, "a spectacular increase" in prices for precious metals.

Noranda is stepping up its quarterly dividend rate to 30 cents—payable on March 14 to holders registered in February 26—from 25 cents. The shares are currently around C\$28 compared with C\$25 when recommended in these columns earlier this year for a long term investment.

The company considers that if current levels of demand and prices for its metal and other products together with currency values are sustained throughout the rest of this year a further "substantial" increase in earnings should be achieved. There should also be a contribution to

earnings from new operations.

Noranda adds that, "with a recession widely forecast it may be too much to expect that present market conditions will be sustained, but even with some modest softening of markets a further increase in earnings could be achieved."

Meanwhile, Noranda has so far acquired some 93 per cent of MacLaren Power and Paper in exchange for 10.2m Noranda shares. The balance of MacLaren is expected to be acquired by the end of this quarter.

Also controlled by Noranda, the Fraser eastern Canada pulp and paper company, has earned C\$27.3m, or C\$3.88 per share, in 1979 against C\$22.5m in 1978. Its markets are expected to remain strong for the most part this year, but it could be affected by rising costs, particularly of energy.

Sunshine profits rise sharply

SUNSHINE MINING, the operator and major shareholder in the largest silver mine in the U.S., more than tripled net profits last year, as higher metal prices offset lower production.

Earnings for the year were \$11.66m (£5.13m) against \$3.19m in 1978, Sunshine announced yesterday. Fourth quarter net profits were \$2.6m against \$986,000 in the same period in 1978.

The announcement followed the disclosure that Sunshine plans to increase the size of its proposed offering of silver certificates to \$100m from \$50m. The registration statement lodged with the Securities and Exchange Commission has been amended.

Next month Sunshine expects to offer \$1,000 (£440) certificates, each redeemable within 15 years of the market value of a silver or \$1,000, whichever is the greater. The certificates will carry interest but the rate has not yet been declared.

The offer, will come against the background of resumed normal production at the Sunshine mine, which, with substantially higher silver prices, should ensure that the company has what it calls a satisfactory first quarter.

Output in 1979 was less than in 1978. This was expected because an accelerated development programme, including the sinking of a new underground shaft. But there was an additional setback when one shaft was closed for four weeks for repairs during the second half.

Last year Sunshine received an average price for its silver of \$11.01 an ounce, against \$5.69 an ounce in 1978.

EARNINGS BOOST FOR RCM

Roan Consolidated Mines, the Zambian copper producer, yesterday declared a dividend of Kwacha 15 (8.58p), on the back of net profits for the December quarter of K\$34.7m (£14.25m) compared with K\$6.5m in the same period of 1978. The company returned to the dividend list last September.

Net profits for the half year to December were K\$6.33m against K\$15.69m in the 1978-79 first half—the latter figure being re-

stated to reflect the adoption of depreciation accounting policy.

The rise in earnings reflects the general trend in the industry, but RCM has received particular benefit from a greater availability of spare parts and foreign exchange. However, the company still needs more expatriate staff and faces continued transport problems.

The shares were 12p lower at 230p yesterday, reflecting a decline in the sector, but the price steadied after the figures were announced.

Trading losses hurt Benguet

BENGUET CONSOLIDATED, the Philippines gold producer listed in Hong Kong and New York, last year had only a sparse 3 per cent increase in earnings to Pesos 79.9m (£4.75m) from Pesos 77.9m in 1978, reports Leo Gonzaga from Manila.

Mr. Jaime Ongpin, the president, said the negligible earnings increase was largely caused by a net trading loss of Pesos 17m, or 61 U.S. cents an ounce of gold, from gold stockpiling and hedging transactions. In 1978, earnings from trading operations were \$42.5 an ounce.

The situation was made worse by a 30 per cent decline in profits at Engineering Equipment, Benguet's principal subsidiary.

In late 1979, however, Benguet's performance improved, as the gold price raced to what seemed at the time unprecedented heights. Earnings from gold thus rose to Pesos 29.3m from Pesos 317,000 in 1978.

Last year's income was boosted by a change in the method of computing Benguet's deferred income tax liabilities. This added Pesos 8m to earnings, Mr. Ongpin said.

ROUND-UP

Comeco, the Canadian minerals group whose majority shareholder is Canadian Pacific Investments, has started to declare dividends on a quarterly rather than a semi-annual basis with a payment of C\$1.10 (41p).

Total dividends for 1979 were C\$1.

Western Mines, the British Columbia base metals producer controlled by Brascan, raised net profits to C\$12.1m (£4.59m) last year from C\$4.1m in 1978, as metal prices increased. Final quarter earnings were C\$3m against C\$2.5m in the same period of 1978.

Showa Oil of Japan has signed a letter of intent to buy 600,000 tonnes of steaming coal for about \$19m (£3.36m) from the Queensland operation of Abardare Collieries, a Crusader Oil unit, ultimately controlled by Triton Oil and Gas of Dallas.

Leichhardt Exploration, the Australian company looking for diamonds in southern Africa is buying for an undisclosed sum Mopani Explorations, a South African company joint venturing with African Selection Trust at a diamond prospect adjacent to Leichhardt's Cape Province investigation area.

CANADA EXPECTS AN INCREASED COAL DEMAND

Canada will have to develop new bituminous coal reserves to meet projected demand in the late 1980s, according to a report, Coal Reserves and Resources, just published by the Department of Energy, Mines and Resources.

In common with most other international forecasts, the report expects greatly increased demand for all ranks of Canadian coal to the year 2000.

In the case of bituminous coal, a comparison between the supply capability, based on the situation in 1977, and forecast demand shows that recoverable coal reserves and production capability will be inadequate after 1988.

The report put Canada's recoverable reserves at 1.8bn short tons of bituminous coal, 2.4bn short tons of sub-bituminous coal and 2.3bn short tons of lignitic coal.

Mineral reserves were put at 8.1bn short tons of bituminous coal, 8.1bn short tons of sub-bituminous coal and 3.5bn short tons of lignitic coal.

SIEMENS

Information for Siemens shareholders

Major orders start off the year

Thanks to a number of major new orders and the completion of several long-term projects, Siemens AG saw an appreciable increase in orders received and sales for the period October 1st to December 31st 1979 as against the first quarter of a year ago. At the same time, this strong business trend is not expected to continue unabated to the year's end.

Orders received during the first quarter of the current financial year amounted to £2,714m worldwide, an increase of 15% over last year's comparable figure. A 20% rise in orders brought domestic business to a total of £1,031m, while international business improved 10% to attain £1,083m. Several capital projects placed with the Communications Group by government clients, including both foreign telecommunication authorities and the Deutsche Bundespost, were among the largest orders received during the period under review. Kraftwerk Union received an order for a 125 MW gas turbine generator set, the largest ever produced, for the Walheim power plant on the Neckar River, as well as an order for the further expansion of a sea water desalination system in Saudi Arabia. In addition to supplementing Nigeria's power supply network with several transformer substations, the Siemens Power Engineering Group is scheduled to supply machines and electrical equipment for a steam power plant with two 65 MW units in Cyprus.

In £ m	1/10/78 to 31/12/78	1/10/79 to 31/12/79	Change
Orders received	1,920	2,714	+15%
Domestic business	860	1,031	+20%
International business	980	1,083	+10%
Sales	1,531	1,852	+16%
Domestic business	751	832	+11%
International business	840	1,020	+21%

First-quarter sales of £1,852m reflected a 16% increase over the comparable figure of last year. Domestic business rose 11% to £832m, and international business, 21% to £1,020m. The highest rates of growth were recorded by the Communications Group and the Data and Information Systems Group.

In thousands	30/9/79	31/12/79	Change
Employees	334	335	0%
Domestic operations	229	229	0%
International operations	105	106	+1%

	1/10/78 to 31/12/78	1/10/79 to 31/12/79	Change
Average number of employees in thousands	324	335	+3%
Employment costs in £ m	782	863	+10%

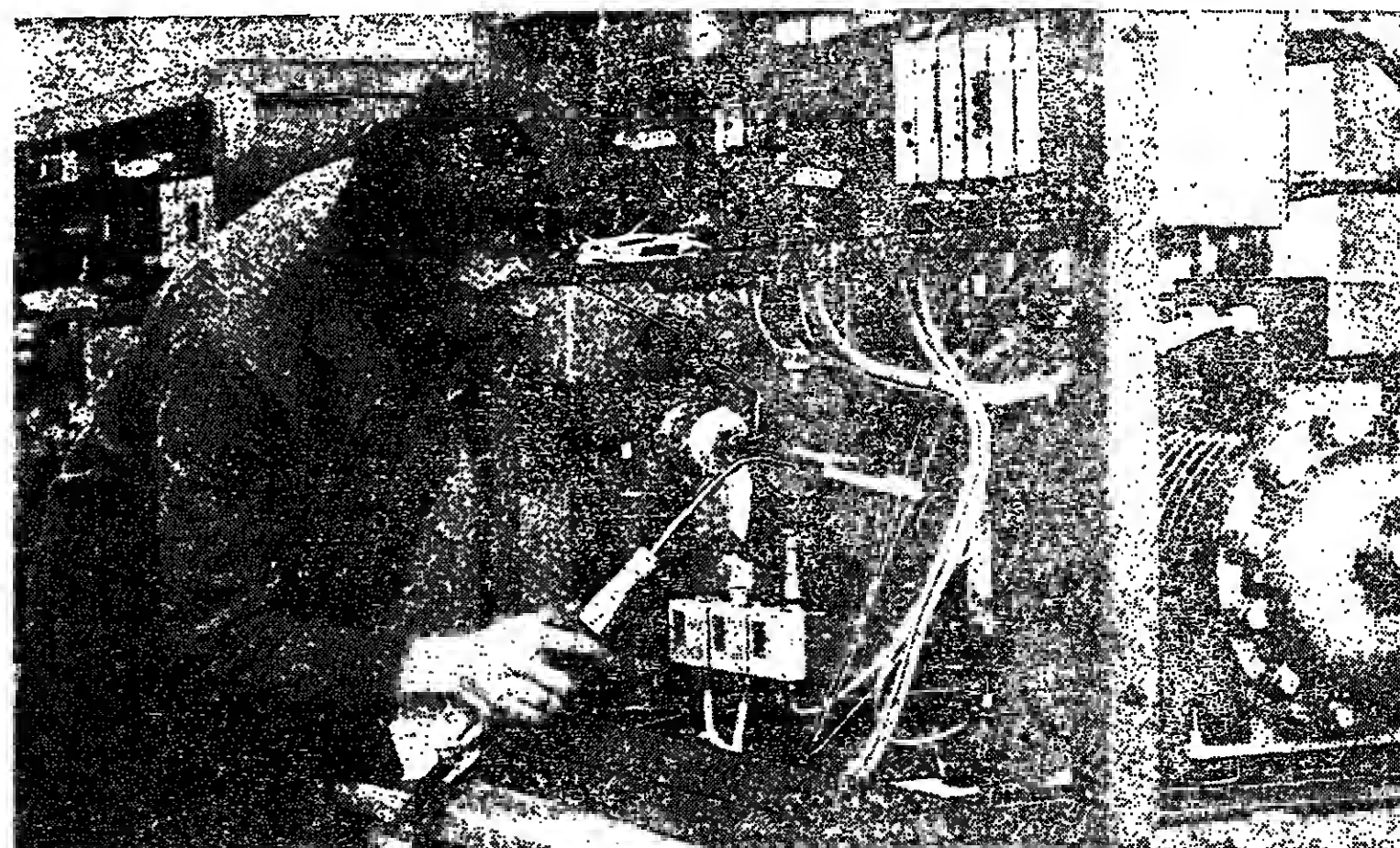
The number of our employees rose from 334,000 to 335,000 during the first three months of the new financial year. This was due solely to the addition of 1,000 people in our international operations; the number in our employ in the Federal Republic of Germany remained unchanged. While the average number of Siemens employees rose 3% as against last year's figure, employment costs jumped 10% to £863m. This rise resulted not only from negotiated pay increases in Germany and higher international employment costs, but also from the enhancement of Company old age benefits, and shifts in payroll structure.

In £ m	1/10/78 to 31/12/78	1/10/79 to 31/12/79	Change
Capital expenditure and investment	56	106	+88%
Net income after taxes	37	43	+16%
In % of sales	2.3	2.3	

Capital expenditure and investment for fixed assets and acquisitions amounted to £106m; last year's comparable figure of £56m was extraordinarily low. During the period under review, we acquired two U.S. companies with expertise in special technologies: the Microwave Semiconductor Corp. in Somerset, New Jersey, with 300 employees, and Databit, Inc. in Hauppauge, New York, with 500 employees.

Net income expressed as percent of sales was 2.3%, the same as in the first quarter of last year.

All amounts translated at Frankfurt middle rate on December 31, 1979: £1 = DM 3.853.



Growing market for heat pumps
As oil prices soar, so does the demand for heat pumps. These energy-saving units make it possible to warm one-family and two-family dwellings with heat drawn from the environ-

ment. The production capacities of our Air-Conditioning Equipment Plant in Kulmbach (picture) have been greatly expanded to meet the increased demand.

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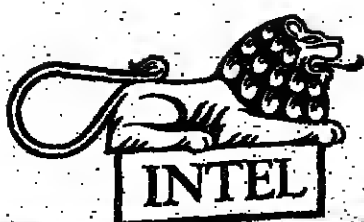
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Investment Intelligence Ltd.

Outstanding year for Daimler-Benz

BY KEVIN DONE IN FRANKFURT

DAIMLER-BENZ, the leading West German motor manufacturer, enjoyed an outstanding year in 1979 and is planning further production increases in 1980, despite the fall in overall sales expected in the West German motor market.

Total group sales rose by 12.8 per cent to DM 30.4bn (\$17.4bn), and there were substantial increases in volume sales of both cars and lorries.

Car sales to the West German market rose by 10 per cent to a total of 234,000 vehicles, while exports increased by 3.6 per cent to 183,000. By contrast, overall demand for motor cars in West Germany slackened last year after several years of rapid growth. The total of new cars registered reached 2.62m, just below the record level reached in 1978.

Daimler-Benz pushed up car production last year by 7.4 per cent to 422,159 models, com-

pared with a general production rise in the West German motor industry of only 1.1 per cent.

It is planning a further increase in production this year to more than 430,000 cars, at a time when other leading manufacturers of large cars in West Germany, such as Opel and Ford, are having to put plants on short-time working.

The increase in new orders taken during 1979 matched the rise in sales, and Daimler-Benz is confident that the strength of its existing order books will keep its car plants working to capacity this year.

The production of diesel cars rose particularly sharply with an increase of 14.7 per cent, and output in this sector accounted for 48 per cent of total car manufacture.

Demand for Mercedes-Benz cars is being maintained at a high level this year, partly as a result of the introduction of the

new S-series, which was brought to the market at the Frankfurt motor show last September.

Car sales in the U.S., the company's most important export market, increased last year by 13 per cent to some 53,000 models, at a time when there was a fall of about 10 per cent in domestic car sales by U.S. manufacturers.

The high level of capital investment by West German industry, combined with a surge of activity in the building sector, also ensured substantial gains for the company's truck and bus division last year.

The group's production of commercial vehicles, trucks and buses rose worldwide by 7 per cent to 256,497 vehicles, while output in West Germany increased by 9.1 per cent to 188,772.

Sales in the home market rose by 10 per cent to 88,000 vehicles, just outpacing the general ex-

pansion of the West German market, where new registrations increased by 9 per cent to a total of 170,000.

After a decline in 1978 and 1977, overall West German utility vehicle exports rose last year by 5.4 per cent to 178,000 vehicles, while total production increased by 7 per cent to 317,000.

Daimler-Benz made particular inroads in the commercial vehicle and truck markets in the UK, France, Belgium, Italy and Switzerland. A total of 67,685 vehicles were assembled in Brazil and Argentina, and Daimler-Benz is planning to open a new truck plant in Virginia in the U.S. this summer, with an initial capacity of 6,000 vehicles a year.

Group profits for 1979 have not yet been announced, but the company expects the total easily to exceed last year's level of DM 592.8m.

Deutsche Babcock grows abroad

BY ROGER BOYES IN BONN

DEUTSCHE BABCOCK, the West German construction and engineering group, has reported sharply increased profits, higher sales and healthy order books, thanks both to strong domestic investment and buoyant foreign demand.

Herr Hans Ewaldsen, the group's chief executive, announced that balance sheet profits totalled DM 45m last year compared with DM 41m in 1978, while profits attributable to shareholders reached DM 41m (\$23m) against DM 37m in 1978.

This increase was on a sharply higher turnover of DM 4.4bn (\$2.5bn) compared with DM 3.7bn in 1978. Foreign sales accounted for 58 per cent of this, compared with 50 per cent in 1978 and only 27 per cent in 1974.

The growing role of foreign business has been one of the most distinctive features of the group as it has steadily diversified away from its traditional area of building conventional power stations in Germany. The group now has interests in mechanical, environmental, and

process engineering, as well as power generation.

Several factors have contributed to Deutsche Babcock's current position. In the first place, the acquisition of a number of overseas concerns has raised the turnover figure and given it access to new markets. The group took a 50 per cent stake last year in the South Korean mechanical engineering company Daehan Boiler, which has been renamed Daewoo-Babcock. Babcock has also established companies in Nigeria and South Africa.

Deutsche Babcock, which is 25 per cent owned by Iran, has traditionally done well in OPEC countries—Kuwait, for example, has recently ordered eight boilers for a desalination project. But the group is feeling pressure especially from Japanese and other competitors who have profited from the Deutsche-Babcock's strength against the dollar and the yen.

The central overseas marketing logic of Deutsche Babcock is designed to minimise the problems created by exchange

rate developments. Thus it has acquired production facilities in countries with relatively cheap labour—such as South Korea—and it has taken over U.S. companies like Ford Bacon and Davis, to secure and expand its place in the market. In addition, it has raised its stake in a whole series of subsidiaries in Argentina, Brazil, France and the U.S. with a view to expanding the sales base.

But, despite these moves, Deutsche Babcock is still concerned about the political uncertainties surrounding some of its key overseas markets. The developments in Iran, although they are not expected to have an impact on the Babcock holding, and the general reluctance of OPEC countries to recycle funds from the latest oil price rise, cast something of a shadow over the future of Middle East trade, at least in the short term. In Germany, however, a 5 per cent anticipated rise in electricity consumption and a continuing deadlock on nuclear power augur well for domestic demand.

Fitzwilton ahead at six months

By Our Financial Staff

FITZWILTON, the Irish holding company, yesterday reported pre-tax profits of Irish £707,000 (\$1.49m) for the half-year to December 31, 1979, against Irish £686,000 last time. The company will pay an interim dividend of 2p net, up from 1.5p last year.

Mr. Tony O'Reilly, the chairman, said that there had been a further marked improvement in trading results, arising from satisfactory progress by the group's textile division, whose market share continues to expand.

Secondly, Mr. O'Reilly said that there had been progress by the group's associate company Independent Newspapers, which showed a 23 per cent rise in attributable profits over 1978, with a substantial benefit to dividend income.

But there had also been an increase in the trading losses attributable to the group's stake in Goulding Chemicals. The indications were that Goulding will again show profits for the year as a whole, despite the effects of rapid inflation in the prices at which it must buy raw materials internationally.

Fitzwilton's directors said that they anticipated that group profits for the full year would be satisfactory.

U.S. move by AG de France

By David White in Paris

ASSURANCES GENERALES De France, the second largest of France's state-owned insurance groups, is planning its first major foothold in the U.S. with a specialised reinsurance subsidiary in New York. It envisages an initial capital investment of \$20m.

The group, which decided on the project some weeks ago, is awaiting approval by U.S. and New York State authorities. The go-ahead is expected in about two months.

The U.S. company, AGF Reinsurance U.S., is to be attached to the group's 100 per cent subsidiary AGF Reassurance. In the first stages it will concentrate its activity in New York State, but expansion to other areas of the U.S. is envisaged later.

AGF Reassurance already has a 20 per cent stake in United Reinsurance Corporation, which is managed by the U.S. partner, Reinsurance Corporation of New York. Equal stakes are held by Norwich Winterthur Reinsurance Corporation of the UK and by Belgian and Finnish insurance groups.

The French concern had a more important minority interest in the General Security Group in the U.S., but ceded its interest some years ago to the leading French insurer, Union Des Assurances de Paris (UAP).

Ruhrkohle to spend DM 8bn

BY OUR FRANKFURT CORRESPONDENT

RUHRKOHLE, West Germany's leading producer of hard coal, is planning an investment programme of DM8bn-DM9.5bn (\$4.6bn-\$4.9bn) over the next five years, to develop its production capacity and explore new coal fields. More than DM1.6bn will be spent this year chiefly on developing new capacity, both for deep mines and for open-pit pits.

Over the next five years, DM5bn-DM5.5bn of the total capital spending programme will be directed towards opening up and equipping new mines.

Ruhrkohle is aiming to sustain a production capacity of some 63m-65m tonnes a year through to the 1990s.

Since 1974, Ruhrkohle has been systematically exploring new coal reserves in the vicinity of existing pits, and these will be brought gradually into production during the 1980s.

In addition to this programme, the company is preparing a further exploration programme to assess other reserves in the areas around Haltern/Olfen, Scherbeck and Hamm/Werne. In the next few years, Ruhrkohle envisages an annual expenditure of about DM 60m for this exploration work, which is aimed at proving reserves to take production to the end of the century.

Domestic coal production will not be enough, however, to

meet the growing demand expected over the next 10 years as West Germany begins to build a series of coal gasification and eventually coal liquefaction plants.

Increasingly, coal will have to meet the Federal Republic's energy demand as imports of crude oil level off. As a result, Ruhrkohle is also investing overseas to develop mining capacity in Australia and North America. At present, coal imports to West Germany are strictly limited, to protect the high-cost domestic mining industry, but Ruhrkohle is trying to ensure that it also has a share of the import trade that is expected to develop later in the 1980s.

New Swedish cargo group

By Victor Kayfetz in Stockholm

TWO SWEDISH shipping companies, Brostrom and Tor Line, are forming a new company called Tor Lloyd which, beginning on March 15, will handle their North Sea and Baltic Cargo operations. Brostrom announced yesterday.

Tor Lloyd, which will offer more than 50 sailings weekly, is expected to carry more than 2m tonnes of cargo per year and have an annual turnover of SKr 400m (\$96m).

The North Sea operations of Tor Lloyd will occupy nine cargo vessels. According to Brostrom, the formation of the new company "makes possible an entirely necessary rationalisation of North Sea traffic."

Finnish co-op banks have best decade yet

BY LANCE KEYWORTH IN HELSINKI

THE YEAR 1979 was the best since 1970 for the Co-operative Bank Organisation of Finland Bank Organisation of Finland for deposit growth, and the past decade has been the most successful in the group's history. While noting this in his presentation of the preliminary report for fiscal 1979 of Okohank (the central bank of the co-operative banks), Mr. Seppo Kontinen, chief general manager of Okohank, sharply criticised Finnish foreign exchange policy.

"Exchange rate decisions have recently, both in their timing and in their implemen-

tation, been tied to incomes policy negotiations," he said. This was clear reference to the rumours that the unions will insist on another three per cent revaluation of the Finnmark in the near future, in return for moderation of their current demands for wage and fringe benefit increases.

The Okohank group's deposits increased by 19 per cent to FM 2.34bn (\$634m) in 1979. Discounted for inflation, the real increase was 10 per cent, the best result since 1970. The increase in the parent bank's deposits was 17.4 per cent.

EUROCURRENCY MARKET

Cleared by a BIS economist

BY DAVID MARSH

THE EUROCURRENCY market is, for the most part, innocent of the charges that it adds to international inflation and currency unrest, although it can under certain circumstances blunt the effectiveness of domestic monetary policies. That is the main conclusion of a research paper published by a senior economist of the Bank for International Settlements, Dr. Helmut Mayer, who argues that the Eurocurrency market, the formation of an international transmission mechanism between individual national money markets rather than as a separate credit-creating entity of its own.

The author stresses that the conclusions of the paper are his own and not the official views of the BIS. But it is likely that some of the points made in the document will be partially reflected in the report on methods of improving Eurocurrency market control being prepared under the aegis of the BIS by working parties from major

central banks. Technical experts held their final meeting on drawing up the report at the beginning of this week, and it is due to be handed to central bank governors next month.

Dr. Mayer says the increased international integration of money and capital markets has undeniably reduced national autonomy in the use of monetary policy for domestic purposes. This may be particularly hard to accept when the influences transmitted by the international banking sector are the result of policy failures in other countries. However, these drawbacks could in part be avoided through greater international policy co-ordination. And Dr. Mayer suggests that any disadvantages must be set against the contribution of the Eurocurrency market to the financing of oil-induced payments deficits, and the market's positive impact on international trade, investment and economic development.

The paper makes the fund-

mental point that although the Eurocurrency market is not subject to centralised control by a single central bank, it is far from being a self-contained entity. All the assets of the Euro-banks are claims on the banks or non-bank residents of particular countries, and all the funds deposited in them are owned by residents of individual countries spread around the world. The market's development will thus be determined in large measure by policies and by general economic developments in the main participating countries.

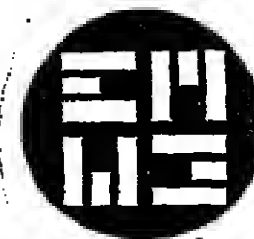
In particular, the Eurocurrency market has no influence on the size of the U.S. monetary base "and therefore cannot push the U.S. monetary authorities out of the driving seat," Dr. Mayer says.

The paper says that international bank lending has, on balance, undeniably had expansionary effects. When domestic monetary policies are not geared

to balance of payments requirements, these may be destabilising—particularly when they add to capital outflows from the U.S. at a time when the U.S. balance of payments is otherwise in equilibrium or in deficit. On the other hand, expansionary effects will be welcome when they tend to offset balance of payments disequilibria in the rest of the world. But much of such lending has been unconstitutional—it would have taken place anyway via flows between national markets even if the Eurocurrency market had never developed.

A large proportion of non-bank deposits in the Eurocurrency market has also acted as a substitute for the growth of conventional non-bank deposits. "It is difficult to argue that the uncontrolled growth of private non-bank liquidity held in the Eurocurrency market has been a major influence in the dismal performance of the industrial countries in the field of price stability," the paper argues.

This announcement appears as a matter of record only



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February 1980

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Weekly net asset value
on February 18 1980

Tokyo Pacific Holdings N.V.
U.S. \$71.13

Tokyo Pacific Holdings (Seaboard) N.V.
U.S. \$51.82

Listed on the Amsterdam Stock Exchange

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Floating Rate Capital Notes 1989

In accordance with the provisions of the Notes notice is hereby given that for the three months interest period from 21st February, 1980 to 21st May, 1980 the Notes will carry an interest rate of 16 1/2% per annum. The interest payable on the relevant interest payment date, 21st May, 1980 against Coupon No. 2 will be U.S. \$40.31.

By Morgan Guaranty Trust Company of New York, London, Agent Bank

VONTBEL EUROBOND INDICES

145.76=100%

PRICE INDEX	32.20	19.30	AVERAGE YIELD	12.20	19.20
DM Bonds	95.30	94.27	DM Bonds	8.281	8.434
HFL Bonds & Notes	92.49	91.04	HFL Bonds & Notes	8.507	10.069
U.S. \$ Str. Bonds	84.35	82.92	U.S. \$ Str. Bonds	12.023	13.308
Can. Dollar Bonds	86.27	86.12	Can. Dollar Bonds	12.602	12.572

Notice of Redemption

Occidental Overseas Capital Corporation

9 1/2 % Guaranteed Floating Rate Debentures Due March 15, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of March 15, 1980 under which the above described Debentures were issued, Citibank N.A. (formerly First National City Bank), as Fiscal Agent, has drawn for redemption on March 15, 1980, through the operation of the sinking fund provided for in said Fiscal Agency Agreement, \$1,841,000 principal amount of Debentures of the said issue of the following distinctive numbers:

Coupon Debentures of \$1,000. Principal Amount Outstanding

10	1232	3483	5421	7185	8988	9970	11288	12909	14398	16097	17503	18877	19994	21281	22688	23892
11	1233	3484	5422	7186	8989	9971	11289	12910	14399	16098	17504	18878	19995	21282	22689	23893
12	1234	3485	5423	7187	8990	9972	11290	12911	14400	16099	17505	18879	19996	21283	22690	23894
13	1235	3486	5424	7188	8991	9973	11291	12912	14401	16100	17506	18880	19997	21284	22691	23895
14	1236	3487	5425	7189	8992	9974	11292	12913	14402	16101	17507	18881	19998	21285	22692	23896
15	1237	3488	5426	7190	8993	9975	11293	12914	14403	16102	17508	18882	19999	21286	22693	23897
16	1238	3489	5427	7191	8994	9976	11294	12915	14404	16103	17509	18883	20000	21287	22694	23898
17	1239	3490	5428	7192	8995	9977	11295	12916	14405	16104	17510	18884	20001	21288	22695	23899
18	1240	3491	5429	7193	8996	9978	11296	12917	14406	16105	17511	18885	20002	21289	22696	23900
19	1241	3492	5430	7194	8997	9979	11297	12918	14407	16106	17512	18886	20003	21290	22697	23901
20	1242	3493	5431	7195	8998	9980	11298	12919	14408	16107	17513	18887	20004	21291	22698	23902
21	1243	3494	5432	7196	8999	9981	11299	12920	14409	16108	17514	18888	20005	21292	22699	23903
22	1244	3495	5433	7197	9000	9982	11300	12921	14410	16109	17515	18889	20006	21293	22700	23904
23	1245	3496	5434	7198	9001	9983	11301	12922	14411	16110	17516	18890	20007	21294	22701	23905
24	1246	3497	5435	7199	9002	9984	11302	12923	14412	16111	17517	18891	20008	21295	22702	23906
25	1247	3498	5436	7200	9003	9985	11303	12924	14413	16112	17518	18892	20009	21296	22703	23907
26	1248	3499	5437	7201	9004	9986	11304	12925	14414	16113	17519	18893	20010	21297	22704	23908
27	1249	3500	5438	7202	9005	9987	11305	12926	14415	16114	17520	18894	20011	21298	22705	23909
28	1250	3501	5439	7203	9006	9988	11306	12927	14416	16115	17521	18895	20012	21299	22706	23910
29	1251	3502	5440	7204	9007	9989	11307	12928	14417	16116	17522	18896	20013	21300	22707	23911
30	1252	3503	5441	7205	9008	9990	11308	12929	14418	16117	17523	18897	20014	21301	22708	23912
31	1253	3504	5442	7206	9009	9991	11309	12930	14419	16118	17524	18898	20015	21302	22709	23913
32	1254	3505	5443	7207	9010	9992	11310	12931	14420	16119	17525	18899	20016	21303	22710	23914
33	1255	3506	5444	7208	9011	9993	11311	12932	14421	16120	17526	18900	20017	21304	22711	23915
34	1256	3507	5445	7209	9012	9994	11312	12933	14422	16121	17527	18901	20018	21305	22712	23916
35	1257	3508	5446	7210	9013	9995	11313	12934	14423	16122	17528	18902	20019	21306	22713	23917
36	1258	3509	5447	7211	9014	9996	11314	12935	14424	16123	17529	18903	20020	21307	22714	23918
37	1259	3510	5448	7212	9015	9997	11315	12936	14425	16124	17530	18904	20021	21308	22715	23919
38	1260	3511	5449	7213	9016	9998	11316	12937	14426	16125	17531	18905	20022	21309	22716	23920
39	1261	3512	5450	7214	9017	9999	11317	12938	14427	16126	17532	18906	20023	21310	22717	23921
40	1262	3513	5451	7215	9018	10000	11318	12939	14428	16127	17533	18907	20024	21311	22718	23922
41	1263	3514	5452	7216	9019	10001	11319	12940	14429	16128	17534	18908	20025	21312	22719	23923
42	1264	3515	5453	7217	9020	10002	11320	12941	14430	16129	17535	18909	20026	21313	22720	23924
43	1265	3516	5454	7218	9021	10003	11321	12942	14431	16130	17536	18910	20027	21314	22721	23925
44	1266	3517	5455	7219	9022	10004	11322	12943	14432	16131	17537	18911	20028	21315	22722	23926
45	1267	3518	5456	7220	9023	10005	11323	12944	14433	16132	17538	18912	20029	21316	22723	23927
46	1268	3519	5457	7221	9024	10006	11324	12945	14434	16133	17539	18913	20030	21317	22724	23928
47	1269	3520	5458	7222	9025	10007	11325	12946	14435	16134	17540	18914	20031	21318	22725	23929
48	1270	3521	5459	7223	9026	10008	11326	12947	14436	16135	17541	18915	20032	21319	22726	23930
49	1271	3522	5460	7224	9027	10009	11327	12948	14437	16136	17542	18916	20033	21320	22727	23931
50	1272	3523	5461	7225	9028	10010	11328	12949	14438	16137	17543	18917	20034	21321	22728	23932
51	1273	3524	5462	7226	9029	10011	11329	12950	14439	16138	17544	18918	20035	21322	22729	23933
52	1274	3525	5463	7227	9030	10012	11330	12951	14440	16139	17545	18919	20036	21323	22730	23934
53	1275	3526	5464	7228	9031	10013	11331	12952	14441	16140	17546	18920	20037	21324	22731	23935
54	1276	3527	5465	7229	9032	10014	11332	12953	14442	16141	17547	18921	20038	21325	22732	23936
55	1277	3528	5466	7230	9033	10015	11333	12954	14443	16142	17548	18922	20039	21326	22733	23937
56	1278	3529	5467	7231	9034	10016	11334	12955	14444	16143	17549	18923	20040	21327	22734	23938
57	1279	3530	5468	7232	9035	10017	11335	12956	14445	16144	17550	18924	20041	21328	22735	23939
58	1280	3531	5469	7233	9036	10018	11336	12957	14446	16145	17551	18925	20042	21329	22736	23940
59	1281	3532	5470	7234	9037	10019	11337	12958	14447	16146	17552	18926	20043	21330	22737	23941
60	1282	3533	5471	7235	9038	10020	11338	12959	14448	16147	17553	18927	20044	21331	22738	23942
61	1283	3534	5472	7236	9039	10021	11339	12960	14449	16148	17554	18928	20045	21332	22739	23943
62	1284	3535	5473	7237	9040	10022	11340	12961	14450	16149	17555	18929	20046	21333	22740	23944
63	1285	3536	5474	7238	9041	10023	11341	12962	14451	16150	17556	18930	20047	21334	22741	23945
64	1286	3537	5475	7239	9042	10024	11342	12963	14452	16151	17557	18931	20048	21335	22742	23946
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66	1288	3539	5477	7241	9044	10026	11344	12965	14454	16153	17559	18933	20050	21337	22744	23948
67	1289	3540	5478	7242	9045	10027	11345	12966	14455	16154	17560	18934	20051	21338	22745	23949
68	1290	3541	5479	7243	9046	10028	11346	12967	14456	16155	17561	18935	20052	21339	22746	23950
69	1291	3542	5480	7244	9047	10029	11347	12968	14457	16156	17562	18936	20053	21340	22747	23951
70	1292	3543	5481	7245	9048	10030	11348	12969	14458	16157	17563	18937	20054	21341	22748	23952
71	1293	3544	5482	7246	9049	10031	11349	12970	14459	16158	17564	18938	20055	21342	22749	23953
72	1294	3545	5483	7247	9050	10032	11350	12971	14460	16159	17565	18939	20056	21343	22750	23954
73	1295	3546	5484	7248	9051	10033	11351	12972	14461	16160	17566	18940	20057	21344	22751	23955
74	1296	3547	5485	7249	9052	10034	11352	12973	14462	16161	17567	18941	20058	21345	22752	23956
75	1297	3548	5486	7250	9053	10035	11353	12974	14463	16162	17568	18942	20059	21346	22753	23957
76	1298	3549	5487	7251	9054	10036	11354	12975	14464	16163	17569	18943	20060	21347	22754	23958
77	1299	3550	5488	7252	9055	10037	11355	12976	14465	16164	17570	18944	20061	21348	22755	23959
78	1300	3551	5489	7253	9056	10038	11356	12977	14466	16165	17571	18945	20062	21349	22756	23960
79	1301	3552	5490	7254	9057	10039	11357	12978	14467	16166	17572	18946	20063	21350	22757	23961
80	1302	3553	5491	7255	9058	10040	11358	12979	14468	16167	17573	18947	20064	21351	22758	23962
81	1303	3554	5492	7256	9059	10041	11359	12980	14469	16168	17574	18948	20065	21352	2	

CURRENCIES, MONEY AND GOLD

Dollar firm

The dollar was firm against the Swiss franc and Japanese yen in the foreign exchange market yesterday, rising to SwFr 1.6380, and to DM 2.2750. It eased slightly to DM 1.7475 from DM 1.7480 against the Deutsche Mark, while the U.S. currency's weighted average, as calculated by the Bank of England, fell to 83.7 from 85.5.

Sterling's index, on Bank of England figures, rose to 72.5 from 72.4, and stood at 72.5 at noon in early trading. The pound eased to 82.2750-82.2760, and to a low point of 82.2720, before recovering to 82.28.

Later in the day sterling rose to a best level of 82.2825-82.2835, then fell to 82.2775, before rising to 82.2790-82.2800, a rise of 75 points on the day.

Although there was little intervention by central banks in the market, the German Bundesbank and Swiss National Bank have been active. The Swiss bank was particularly weak, selling a low point of SwFr 1.6380 against the dollar.

D-MARK - Very strong, but mainly steady within the European Monetary System.

The D-mark showed mixed changes against other members of the European Monetary System, losing ground against the French franc, Danish krone, and Italian lira, but steady against the Japanese yen. The yen continued to decline despite support by the Bank of Japan. The Japanese authorities moved the yen to DM 1.7475, a move about 570 to assist the Japanese currency, which fell against the dollar in the Tokyo market, against a background of rising inflation and balance of payments problems. The dollar rose to 124.45 from 124.50 in fairly heavy trading.

MS EUROPEAN CURRENCY UNIT RATES

ECU	Central rates	Change from Feb. 20	% change from central rate	% change from adjusted divergence	Divergence limit %
Belgium	39.7897	40.5488	+1.01	+1.50	-1.53
France	7.72328	7.72328	0.00	0.00	-1.84
Germany	2.48205	2.47977	-0.04	-0.23	-1.84
Italy	5.47000	5.45206	-0.09	-0.32	-1.357
Netherlands	2.78352	2.78352	0.00	0.00	-1.512
Portugal	0.66207	0.66207	0.00	0.00	-1.609
Spain	179.75	179.75	0.00	0.00	-2.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustments calculated by Financial Times.

JRO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.05-15.15 per cent; three-months 15.10-15.20 per cent; six-months 15.15-15.25 per cent; one year 15.20-15.30 per cent.

Feb. 20	Sterling	U.S. Dollar	Canadian Dollar	West German Mark	French Franc	Italian Lira	Asian	Japanese Yen
3m term	15.05-15.15	15.10-15.15	15.10-15.15	15.10-15.15	15.10-15.15	15.10-15.15	15.10-15.15	15.10-15.15
6m term	15.10-15.15	15.15-15.20	15.15-15.20	15.15-15.20	15.15-15.20	15.15-15.20	15.15-15.20	15.15-15.20
12m term	15.15-15.20	15.20-15.25	15.20-15.25	15.20-15.25	15.20-15.25	15.20-15.25	15.20-15.25	15.20-15.25
1y term	15.20-15.25	15.25-15.30	15.25-15.30	15.25-15.30	15.25-15.30	15.25-15.30	15.25-15.30	15.25-15.30

London Eurodollar two years 14.15-15.15 per cent; four years 14.15-15.15 per cent; five years 14.15-15.15 per cent; nominal closing rates. Interest rates are call for sterling, U.S. dollar, Canadian dollar and Japanese yen; others two-days notice. Asian rates are closing rates in Singapore.

CHANGE CROSS RATES

Feb. 20	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
100 Sterling	1.0000	2.2800	3.9850	161.00	6.5530	3.7480	4.5900	104.40	2.6210	64.70
100 Dollar	0.4339	1.0000	1.7448	246.10	4.0940	1.6440	1.9820	208.70	1.1540	28.30
100 Mark	0.2510	0.5720	1.0000	140.80	2.3420	0.9400	1.1020	124.60	0.6600	16.24
100 Yen	1.7830	4.0660	7.1030	100.00	16.8400	8.6800	7.8250	328.60	4.6890	115.30
100 Franc	1.0790	2.4430	4.2700	801.10	10.0000	4.0160	4.7070	197.50	2.8190	69.33
100 Swiss	0.2670	0.6060	1.0650	149.70	8.4900	1.1710	1.4910	160.00	0.7020	17.28
100 Guilder	0.2280	0.5190	0.9090	127.80	3.1260	0.8940	1.1000	124.60	0.5990	14.74
100 Lira	0.0450	0.1370	0.2160	304.30	5.0620	2.0550	2.3810	100.00	1.4270	35.10
100 Canadian	0.3800	0.9870	1.5150	915.30	2.5480	1.4250	1.6080	70.00	1.1000	24.60
100 Belgian	1.6460	5.5250	8.1580	867.10	14.4200	5.7980	6.7880	284.60	4.0660	100.00

INTERNATIONAL MONEY MARKET

Interest rates remained firm in the money market yesterday. The Bank of England raised its Treasury bill rate to 12 per cent, but it bought 12 per cent of first category paper.

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THE POUND SPOT AND FORWARD

Feb. 20	Day's spread	Close	One month	Three months	Six months
U.S.	2.2710-2.2835	2.2790-2.2800	0.52-0.42c pm	1.47-1.25-1.15 pm	2.10
Canada	2.6270-2.6425	2.6300-2.6310	1.05-0.95c pm	4.58-2.50-2.40 pm	3.72
Belgium	12.37-12.40	12.38-12.39	21-10c pm	5.47-5.35-5.25 pm	5.27
France	64.40-64.80	64.50-64.75	16-30c pm	2.41-2.32-2.23 pm	2.97
Germany	1.0700-1.0770	1.0720-1.0730	34-30c pm	4.11-4.01-3.91 pm	2.30
Italy	3.38-3.40	3.39-3.40	21-10c pm	8.03-7.93-7.83 pm	8.66
Spain	107.00-108.70	107.30-108.50	20-70c pm	4.98-30-130 pm	2.85
Portugal	152.40-153.20	152.50-152.60	10-60c pm	3.15-45-145 pm	2.48
Netherlands	1.238-1.245	1.240-1.245	14-14c pm	1.79-31-11c pm	2.28
Sweden	11.07-11.12	11.10-11.11	4-40c pm	5.40-17-15c pm	5.85
Denmark	3.38-3.40	3.39-3.40	21-10c pm	8.03-7.93-7.83 pm	8.66
Japan	9.48-9.52	9.50-9.51	31-11c pm	3.15-45-145 pm	2.48
Australia	587-595	590-591	41-31c pm	8.81-11-20-105 pm	7.50
South Africa	28.40-28.55	28.45-28.50	25-15c pm	8.42-67-67 pm	8.70
Switzerland	2.71-2.75	2.74-2.75	41-31c pm	14.01-11-10c pm	11.24

Belgian rate is for convertible franc. Financial time 68.75-66.85. Six-month forward dollar 1.88-1.85c pm. 12-month 3.10-3.00c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 20	Day's spread	Close	One month	Three months	Six months
U.K.	2.2710-2.2835	2.2790-2.2800	0.52-0.42c pm	1.47-1.25-1.15 pm	2.10
Ireland	2.1170-2.1210	2.1170-2.1190	0.70-0.60c pm	3.68-1.70-1.60 pm	3.12
Canada	1.1537-1.1587	1.1572-1.1575	0.21-0.27c pm	3.01-0.53-0.47 pm	1.71
Netherlands	1.8218-1.8233	1.8220-1.8230	0.10-0.08c pm	3.11-1.01-0.91 pm	1.71
Germany	28.24-28.40	28.26-28.38	20-20c pm	0.42-0.34 pm	1.06
Denmark	5.4355-5.4440	5.4395-5.4370	2.50-2.60c pm	-6.07-5.50-5.00 pm	4.97
France	1.7400-1.7410	1.7400-1.7410	0.80-0.80c pm	2.50-2.50 pm	1.28
Portugal	47.55-47.65	47.55-47.65	10-20c pm	-3.78-30-30 pm	-3.78
Spain	68.50-67.35	68.50-67.35	20-30c pm	-4.30-35-35 pm	-4.30
Italy	93.00-93.00	93.00-93.00	20-30c pm	-1.20-1.20 pm	-1.20
Norway	4.8885-4.8780	4.8725-4.8725	1.60-1.10c pm	3.32-4.85-4.45 pm	3.46
Sweden	4.0000-4.0000	4.0000-4.0000	0.20-0.20c pm	2.28-2.60-2.50 pm	2.89
Japan	1.1715-1.1715	1.1715-1.1715	0.80-0.80c pm	1.40-1.20-1.20 pm	1.28
Australia	24.50-24.50	24.50-24.50	1.35-1.20c pm	3.22-3.60-3.60 pm	5.81
South Africa	12.501-12.525	12.503-12.508	8.90-8.30c pm	8.33-21.75-17.50 pm	8.84
Switzerland	1.6200-1.6440	1.6250-1.6250	1.70-1.60c pm	12.06-4.22-4.13 pm	10.18

U.K. and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Bank of England	Special Drawing Rights	European Currency Unit	Feb. 20	Feb. 19	% change
Sterling	17	0.62947	0.62947	0.62947	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00
U.S. dollar	15	1.51580	1.51580	1.51580	0.00

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 20	£	¢	Note Rates
Argentina Peso	8849.5888	1690.1700	28.40-28.65
Australia Dollar	0.8665-0.8665	0.8665-0.8665	62.50-62.00
Brunei Dollar	1.0846-1.0846	4.48-4.45	12.54-12.41
Finland Markka	4.84-4.84	5.715-5.715	9.27-9.25
French Franc	6.5530-6.5530	6.5530-6.5530	11.05-11.05
German Mark	3.9850-3.9850	3.9850-3.9850	10.00-10.00
Hong Kong Dollar	11.21-11.21	4.9280-4.9280	1870-1925
Indian Rupee	15.15-15.15	15.15-15.15	558-565
Japanese Yen	161.00-161.00	161.00-161.00	41.00-41.00
Kuwait Dinar	0.51-0.51	0.51-0.51	4.00-4.00
Malaysian Ringgit	2.34-2.34	2.34-2.34	10.00-10.00
Mexican Peso	16.84-16.84	16.84-16.84	15.00-15.00
New Zealand Dollar	4.95-4.95	2.150-2.150	5.71-5.71
Singapore Dollar	4.95-4.95	2.150-2.150	5.71-5.71
South African Rand	2.80-2.80	2.80-2.80	2.80-2.80
U.A.E. Dirham	6.84-6.84	6.84-6.84	6.84-6.84

Rate given for Argentina is free rate. * Indication only.

Very firm rates

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GOLD

Gold continued to decline in the London bullion market yesterday, falling 821 to close at \$625.630. The metal opened at \$630.635, the highest level of the day, and was fixed at \$625 in the morning, and \$606 in the afternoon. Shortly before the New York opening gold fell to low point of \$600.605, but recovered somewhat in late trading.

In Paris the 121 kilo gold bar was fixed at FF 83,500 per kilo (\$635.72 per ounce) in the afternoon, compared with FF 83,500 (\$633.34) in the morning, and FF 86,000 (\$652.96) Tuesday afternoon.

In Frankfurt the 121 kilo bar was fixed at DM 36,150 per kilo (\$625.54 per ounce), compared with DM 37,055 (\$661.75) previously.

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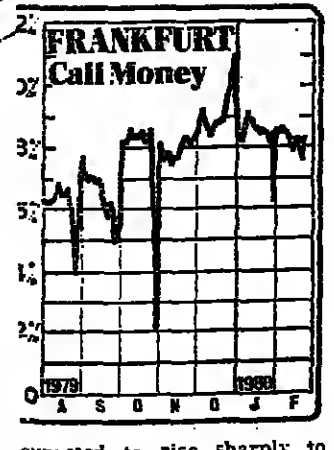
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BUSINESS BOOKS

An alternative view of energy supply

BY RAY DAFTER

International Oil Policy, by Arnold Safer. Cover Publishing, Farnborough, Hants, £9.50.

Natural Gas, by Dr. E. N. Tirasoo. Scientific Press, 4 Burkes Parade, Beaconsfield, Bucks., £21.

Fuel Economy Handbook, edited by W. Short, Graham and Trotman, London, £12.50.

BY RIGHTS all the discussion about the world's energy problems should have exposed a basic fallacy, of vital importance to the whole argument. Instead the falsehood has been nurtured. There is still a widespread belief that the world will soon run out of oil.

True, there are uncertainties about supplies, but these doubts arise as much from political factors as geological ones. And it is a fact that if the growth in energy demand had continued on its pre-1973 course, the oil industry would soon have found it impossible to find and produce new reserves fast enough.

But events in the past seven years have changed that. The world's economic outlook has been shifted on to a new course. The projected growth in oil demand will be far, far lower than was foreseen a decade ago.

Carrot

The importance of higher energy prices, in this respect, cannot be overstressed. Fuel users have been encouraged to be more conservation-minded. Energy providers have greater incentive to develop alternative sources of power. And oil companies now have the necessary financial carrot to exploit hitherto uneconomic fields and to employ new technology to extract a higher proportion of the oil that is available in reservoirs. In essence, the world's recoverable oil resources are being stretched. There should be enough to last for decades, quite probably for well over a century.

Taking up this argument, Arnold Safer has attacked what he regards as the "scarcity psychology" in his book, "International Oil Policy."

Mr. Safer, a U.S. consulting economist, maintains that

"thinking scarcity breeds scarcity." The psychology could be recognised in the UK where British policymakers were talking about "husbanding their resources" — stretching out North Sea oil production so that the British resource became more valuable as world supplies became less plentiful in the mid- to late-1980s.

In the U.S. the perception of scarcity had led to continued price controls and to such "contorted" schemes as the proposed crude oil equalisation tax. The Washington perspective on energy had focused increasingly on the proposition that the U.S. would soon run out of oil. And yet the potential for much more domestic oil was there: what was needed was an energy policy that encouraged the search for, and development of, new reserves.

The book contains a number of reasoned recommendations including: the encouragement of exploration in developing nations outside of the Organisation of Petroleum Exporting Countries; the establishment of an "open, visible pricing system" for oil products; the removal of price controls in U.S. markets; the introduction of subsidies for purchasers of oil imports; and the setting and control of import quotas.

"The energy crisis today demands no less attention than the challenges of World War II and of the Soviet Sputnik crisis. Let's get on with the job," says Mr. Safer.

One of the disturbing aspects of world energy supplies is the effort by some OPEC members to link the price of internationally-traded natural gas with that of crude oil. The UK Government seems to have similar aims, judging by its move to bring domestic gas prices more in line with the cost of oil.

There is a dilemma here for policymakers. Linking gas and oil costs could well strengthen the price-fixing powers of OPEC. And yet, natural gas is a clean, high grade fuel which deserves a premium price-tag.

Dr. E. N. Tirasoo, in his excellent survey of world gas resources, "Natural Gas" sums up some of the advantages of this "extraordinary fossil mineral." Natural gas, he says, is "non-polluting, flexible and a powerful source of energy with

special qualities which make it preferable to solid and liquid fuels in many applications."

Thus it says much of past energy policies that until recently natural gas which was produced as a co-product with crude oil was largely flared into the atmosphere: wasted for lack of markets. Fortunately, it has become increasingly recognised that such "profligate wastage" is no longer tolerable.

The amount of gas sold on the open energy market tripled in the 15 years up to 1977. In the coming years the international trade in gas—both pipeline gas and liquefied natural gas (LNG)—will grow appreciably. Dr. Tirasoo's book, a companion to his equally useful "Oilfields of the World," provides the essential data on an important, but often overlooked sector of the energy industry.

But it still remains a truism that conservation is the most attractive of all energy "sources." Conservation is benign, non-polluting, cost effective and a real energy provider—for a gallon of oil saved is a gallon that can be used another day.

With this in mind National Industrial Fuel Efficiency Service has updated its "Fuel Economy Handbook." The 317-



Cutting back waste, such as flared natural gas (right), and improving production techniques, including those in oil fields (left), can help to spin out the world's fossil fuel resources.

page book provides industrial and commercial organisations with extremely useful—if at times necessarily technical—advice on how to become more energy efficient. Surveys, tests and investigations by NIFES have demonstrated that it is

possible to save on average 25-30 per cent of energy costs. A world-wide conservation campaign could stretch depletion of existing known conventional fuel reserves for another 15 to 20 years.

There is no point in minimising

the problems of energy planning in the present uncertain climate. On the other hand—as this small selection of recently published books shows—there is no reason why we should adopt an overly pessimistic view of future energy supplies.

Banking in practice

BY MICHAEL LAFFERTY

Banking Act 1979 by Morison, Tillet and Welch. Butterworths, £18.

THERE is a great thirst for information among bankers in the UK about the manner in which various aspects of the 1979 Banking Act are to be implemented by the Bank of England. For many the main source of information — apart from articles in the Press — has no doubt been the Act itself, though some may have ventured as far as Hansard for a better understanding of what lies

behind some of the more complex provisions.

What has been lacking up to now is a comprehensive text which puts the legislation into more readable prose, sketches in the historic background, and provides further guidance about the way the law is likely to work in practice. This is the gap which Morison, Tillet and Welch's new book fills rather well.

The three authors are prominent members of the Inter-Bank Research Organisation, a clearing bank-owned research body. As such, their book car-

ries an additional air of authority. Equally, it cannot be expected to be as forthright in discussing the more controversial features of the new law and supervision arrangements as independent authors might be.

One of the most interesting aspects of the book is its discussion of the position before the Act, when the UK lacked a comprehensive banking law. As the authors say, its provisions on such matters as the basic control of deposit-taking institutions and restrictions on the use of banking names and descriptions, seek to introduce an element of order into what has been a world of administrative chaos. This chaos is suitably illustrated by lists of the various statutes applying to banking, and a discussion of the old hierarchy of banking recognitions.

An understanding of this hierarchy is essential, the authors state, if one is to appreciate both how the need for the Act arose in the first place and why its authorisation procedures arose. The ladder ran something like this: for "an up-and-coming" banking institution, a section 123 certificate from the Department of Trade was probably enough. A company wanting to deal in securities would go one better and seek exempt dealer status under Section 16 of the Prevention of Fraud Investments Act 1958.

Third rung

The third rung, though non-statutory, was widely regarded as one of the most important of all: this was listing by the Bank of England for statistical and monetary control purposes.

Any institution thus designated contributes to the provision of banking statistics and is obliged to comply with the monetary and credit controls applied by the Bank. The status, which still exists pending full implementation of the new Act, carries the benefit that a statutory bank is generally able to raise deposits in larger amounts and at lower cost than other institutions. The authors of this book speculate that all recognised banks will contribute to the statistics under the new regime.

After statistical status, there were four other major statutory recognitions to which a banking institution could aspire. Two of these, say the authors calmly, were of roughly equal status—recognition under Section 127 of the Companies Act, and appointment as an authorised dealer under Section 42 of the Exchange Control Act, 1947. This latter is at least arguable, since most bankers seem to believe that "authorised" status was unquestionably the higher of the two.

Certain clearing bank finance house subsidiaries have, of course, taken the trouble to acquire Section 127 status, and are now using this as part of their claim for recognised bank

status under the 1979 Banking Act.

The third statutory status to which statistical banks aspired was under Section 59 of the Building Societies Act 1962, which meant that they were authorised to hold the substantial liquid funds of building societies.

Finally, at the top of the hierarchy of banking recognitions, was a listing, under Schedule 8 of the 1948 Companies Act. Put simply, a Schedule 8 bank is allowed to do all sorts of extraordinary things in its published accounts so that to the outsider they are of little value. In particular, it is "entitled to make transfers to and from hidden reserves before disclosing its annual profits and to include those hidden reserves with its deposits instead of showing them as part of the shareholders' funds." As the authors point out, the Department of Trade has not added any new names to this particular list since the late sixties, while in 1970 the London and Scottish clearing banks proclaimed that they were opting for "full disclosure" in their accounts. The most important institutions which still make use of the exemption are, of course, the accepting houses and the discount houses.

But this is not the end of the overall UK banking status ladder. A merchant bank aspires to membership of the Accepting Houses Committee, a retail bank to membership of the Committee of London Clearing Bankers, and a bill discounting house to membership of the London Discount Market Association.

Despite their banking establishment background, the authors do not fail to highlight the significance of the 1979/74 secondary banking crisis in bringing about the 1979 Act. At the time of the crisis it points out that existing supervisory arrangements, developed as an adjunct of the Bank's bill discounting offices, were inadequate. "It became apparent that this department lacked a sufficiently large number of staff capable of undertaking effective supervision of a rapidly expanding banking community whose members were engaged in an increasingly complex and sophisticated range of banking activities."

Other interesting features include chapters on the control of deposit-taking, recognition and licensing, including the new supervision arrangements, the deposit protection scheme and, of course, advertisements and banking names. Each chapter concludes with a checklist of questions, to test the reader's knowledge of what has gone before.

Altogether, this book looks like becoming the standard text book on the 1979 Act. It is to be hoped that in the next edition the authors will feel able to elaborate a bit more on issues like capital adequacy and liquidity—as well as how the new system of banking supervision works in practice.

A form of training

TA and Training—The theory and use of transactional analysis in organisations by Dave Barker. Cover Press, £9.50.

TRANSACTIONAL ANALYSIS aims to provide a means by which the personality forming influences on people are better understood, enabling improved communication and understanding to be achieved among people in general. It is, though, like a

world of its own, with its own language, so before you can even begin to use it within an organisation the people involved must first learn the language, which must make for some resistance at times. Nevertheless, the author says it has been successfully used in companies and he sets out to demonstrate how such analysis can be applied to training and development.

Blair: The Sale of Goods Act 1979
1980. By Michael C. Blair.
This book examines the provisions of the Sale of Goods Act 1979, and includes an account of recent legislation on consumer credit.
The book takes the form of forty pages of detailed narrative analysis of the Act followed by the text of the Act itself with annotations. The text is available as part of Butterworths Annotated Legislation Service.
Casebound £18.00 net (U.S.\$38.00) 0 406 11722 2.

Margot Aviation Insurance
1980. By R. D. Margot.
This book is a comprehensive and detailed analysis of the law and practice of aviation insurance, including aircraft and ground insurance. All the terms, conditions, their practical implications, and the structure, workings and regulations of the aviation insurance market. It also deals with the legal effects of aviation insurance contracts.
Casebound £25.00 net (U.S.\$50.00) 0 406 28810 0.

Price Waterhouse: International Survey of Accounting Principles and Reporting Practices
1980. Edited by R. D. Fitzgerald, A. D. Strickler and T. R. Wells, all of Price Waterhouse & Co.
This survey is designed to help in the move towards greater harmonization than exists at present and to foster better understanding of national accounting principles and reporting practices. It contains, in tabular form, a survey of accounting principles and reporting practices throughout the world.
This is a multilingual version of the book, and the introduction and notes are printed in English, French, German, Spanish and Italian. It is not for sale in the following countries: France, South Africa, Brazil, Canada, U.S., Australia, New Zealand.
Lines 14.95 net (U.S.\$31.25) 0 406 34170 2.

Toucher: Accounting Requirements of the Companies Acts
Second edition 1979. By P. J. Stilling and R. A. Tilly.
This book is essentially a carefully organised checklist of matters which are required by statute or otherwise to be included in company accounts, with each item supported by a reference to the relevant authority.
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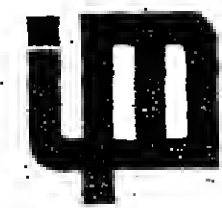
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An uncertain role for international unions

BY GEOFFREY OWEN

Multinational collective bargaining attempts, by Herbert R. Northrup and Richard L. Rowan. The Wharton School, University of Pennsylvania, Philadelphia, PA 19104, USA, \$27.50.

IN September, 1973, the French group, BSN-Gervais Danone, held a meeting in Geneva with union leaders from its glass-making plants in Belgium, Netherlands, Germany, Austria and France. The company's position in the glass industry and its investment programme were discussed. Two further meetings in 1974 and 1975 led to the creation of a Permanent Employment Commission consisting of management and union representatives from each of the glass subsidiaries. Although the initiative for the first meeting came from Charles Levinson, general secretary of the International Federation of Chemical, Energy and General Workers' Unions (ICEF), the creation of the Commission was agreed between the company and the individual national unions; apart from the first meeting, ICEF officials have not been directly involved.

Important

The main purpose of the Commission is to examine technical, social and economic issues relevant to employment. While its existence is not intended to diminish the importance of national negotiations, it represents one of the very few moves by a large group in the direc-

tion of multinational collective bargaining. What will happen to the Commission after the recent sale of most of BSN's flat glass interests to Pilkington remains to be seen.

Professors Northrup and Rowan suggest that the BSN model, involving a coalition of national union leaders in a decision-making forum, may be a more promising path for multinational consultation, and even bargaining, than efforts led by international or regional union officials.

In their view the claims made by international trade union secretariats such as ICEF and IMF (the International Metalworkers Federation) are often unsubstantiated by evidence of what their intervention achieved.

For example, in the case of Akzo, the Dutch group whose planned closures of five plants in 1975-77 ran into vehement union opposition, the decisive role was played by national unions. Attempts by ICEF to insert itself into the negotiations to gain a bargaining role for multinational unionism were unsuccessful.

Similarly the IMF, which the authors say is the strongest secretariat in financial support, leadership and staff, has had little success in the few times it has attempted to inject itself into collective bargaining.

In one major industry, ocean transport, an international secretariat, the International Transport Workers' Federation (ITF), has had a significant impact, at times even usurping the role of national unions, in

its long campaign against flags and crews of convenience. The ITF claims to have signed agreements with more than a thousand shipowners. Since these companies are normally single-nationality carriers the ITF is not engaged in multinational bargaining, but its success shows that in the right circumstances and with the right organisation an international union secretariat can have influence.

In most industries national union leaders are reluctant to transfer any of their authority to an international body. While the international secretariats are useful for exchanging information, their presence at the bargaining table is not welcomed. Union leaders wish to be free to promote the interests of their own members. As for the employees, they are unlikely to take sympathetic action in support of union colleagues overseas if it imposes significant costs on themselves. While there are exceptions, like the "blackings" of the Times weekly edition in Germany last year, international solidarity is generally more slogan than reality.

Other obstacles to multinational bargaining are the differences in national industrial relations laws and the opposition of management; most companies see multinational bargaining as adding a new tier of potential difficulty in their industrial relations, with no compensating advantage.

Yet there are pressures working in the opposite direction. At

national and international level there are opportunities for officials of international and regional trade union organisations to exert their influence. The agencies of the European Commission, for instance, frequently seek tripartite solutions to industrial problems; their bureaucrats have a natural affinity with the regional union officials stationed in Brussels.

Participated

These same officials have participated in the revision of the OECD code of conduct for multinational enterprises. In Germany officials of the international secretariats, Levinson of ICEF and Herman Rebhan and Walter Thomsen of the IMF, have been elected to the boards of three major foreign-owned companies — subsidiaries of Ford, ITT and Du Pont. Besides conferring prestige on the individuals concerned, these appointments will add to the pressure for multinational bargaining.

Multinational bargaining, as the authors rightly stress, is far from being a dead issue. Management needs to be aware of the strengths and weaknesses of the international trade union secretariats, and to take note of the experience of companies which, whether deliberately or by accident, have found themselves dealing with unions on an international basis. This book, based on seven years of research, is an invaluable reference work as well as providing a clear analysis of the issues.

Lifting the City's veil

BY CHRISTINE MOIR

Inside the City, by William M. Clarke, George Allen and Unwin, £8.50

AFTER two and a half years Sir Harold Wilson and his committee which is investigating the City's financial institutions is still struggling to produce its report.

So great is the pace of change in the City these days that senior City men who started out in fear and trepidation of what the report would recommend have now begun to discount it.

"Sir Harold has enjoyed his brandies and cigars at City luncheons," the phrase goes, "now he should bow out. The report is not worth writing."

One problem is that many things have changed since Sir Harold first began collecting evidence. Exchange controls, for instance, have been abolished, opening up a brand new world of unfettered internationalism. British industry is facing another recession, so the clamour for funds much heard in the early days of the Wilson committee, has dwindled to a murmur.

The bigger problem, however, is that an unwieldy committee like Sir Harold's with a politically inspired composition, is not the sort of animal which can pin down the City's elusive, chameleon-like qualities.

That is not the same as saying that the nature of the City cannot be pinned down. It has been.

William Clarke, former City editor of The Times, director-general of the Committee on Invisible Exports, and deputy chairman of the City Community Centre, has managed a remarkable tour de force in his new book "Inside the City."

It is at once a clear and simple guide to the disparate elements — from jobbing to Eurobond dealing — which are lumped together under the name of City services, and a subtle and wise collection of essays on the pressures for change on those elements.

Its glossary of City jargon alone makes it bookshelf material; City affairs now impinge so much on ordinary lives that a rough idea of what factors in or portfolio investment is about is something even moderately informed newspaper readers need to have.

But most significant, Mr. Clarke, by virtually pre-empting Sir Harold, knows and understands the workings of the City in all its finer detail, and he is in a position to expose problem areas in a way which can stimulate genuine discussion and lead on to real reform. Unlike Sir Harold he is not

under pressure to adopt any kind of a priori approach nor any artificial solution.

One of the major concerns of the Wilson committee, for instance, has been the growth of power of the pension funds as they seek to invest their enormous inflows. The TUC representatives on the committee are almost certain to demand Government direction for their investments.

Mr. Clarke cuts through the political opportunism and points out that there is no need for such a move on grounds of prudence. Rather he is worried that any such direction could bring distortions to the pattern of savings for no particular benefit.

Throughout the chapters on Eurobond dealing, the pressures on the jobbing system, the desirability of maintaining the exclusive Discount House club, Mr. Clarke employs a degree of clear sightedness which leaves me envious.

He is simply against abolishing established mechanisms which have proved to be effective unless there is good ground for change. "Tinkering with a problem without searching out the fundamentals" wins his clear disapproval.

Mr. Clarke makes no attempt to hide his predisposition to

wards the mechanisms of the City, particularly self-regulation (for which he makes out the strongest case) but this does not blind him to weaknesses and storm clouds which will need attention and dispersal.

Nor is his view of the wider future too sanguine. He believes that the international tourism, insurance, financial services and so on—could well be stagnant through the coming decade by contrast to its strong growth during the 1960s and early 1970s. And he is "still not sure" whether London can maintain its share of the market.

But even Mr. Clarke has been overtaken by events. His views were formed before exchange controls were abolished—a move he emphasised as desirable. Given the new impetus of free international competitiveness London may now have a new edge. And the one thing Mr. Clarke's careful analysis makes clear is that London has the flexibility and innovativeness to be capable of maintaining its world lead as a wholesale financial centre.

The book is not just informed, it is also easy reading, which could prove a very contrast to the Wilson report whenever that surfaces.

A genuine intellectual debate

BY PETER RIDDELL

Economic Modelling, edited by Paul Ormerod, Heinemann Educational, £21

THE big differences in the views of economists about how the economy works (or rather does not work) frequently infuriate those who like to think of themselves as practical men. Yet these differences reflect a genuine intellectual debate and not just the perversity of economists, though that is not always entirely absent. Indeed one of the main virtues of this book is how it highlights this diversity of thinking.

It consists of a series of papers on the construction of macro-economic models and is based on discussions at a conference of model-builders held 18 months ago at the London Business School. While this is inevitably a somewhat technical subject, most of the papers are intelligible to the non-specialist. Examination of the technical aspects of a model often involves discussion about the key theoretical assumptions of economics and raises issues relevant to the public controversy of forecasting and policy analysis.

The editor — Paul Ormerod

of the National Institute of Economic and Social Research, in his preface, for example, the increased recent attention on the monetary sector. He points out that none of the modelling groups represented denied the theoretical linkage between monetary policy, the exchange rate and the real level of output but the exact nature and the strength of this link is very much in dispute. The issues incidentally, are set out extremely clearly in the paper on monetary flows by Charles Goodhart of the Bank of England.

In a personal review of the conference Alan Budd of the London Business School concludes that "as far as the structure of economic models is concerned, the conference showed how completely the post-war consensus has broken down. . . . Questions of whether or not money affects demand and prices, of whether and for how long fiscal policy affects demand and of whether or not devaluation works, are vital for economic policy, and it is alarming that the issues seem to be so open. Certainly there was no winner in terms of

empirical results or of a priori reasoning."

Alan Budd suggests that "the circus atmosphere in which so much policy analysis takes place in Britain has not been in the best interests of progress in economic model building." On this view too much time is spent on giving policy advice and not enough on analysing the economy. "It is easy to understand why it happens. Until recently, economic policy in the UK combined secrecy with what appeared to be an extreme view of the nature of macro-economics."

This led, in Budd's view, to deliberate over-simplification and a strident tone being used to counter what was believed to be the mistaken oversimplification of the official view. "A combination of limited resources and the desire to

influence policy have encouraged short cuts in model building."

Yet there have also been gains from the breakdown of consensus among the economists. In an essay, written well before his colleague Professor Terry Burns was chosen as chief economic adviser, Alan Budd notes that the Treasury has "admittedly changed its views quite distinctly and can now be thought of as the home of eclecticism."

Indeed, to outside users of the forecasts produced by these models the absence of uniformity is a positive advantage since it permits proper comparison of the work of monetarists, Keynesians and advocates of protectionism. This is far better than to try and paper over the differences.

Other recent publications

The International Yearbook of Organisation Studies, edited by David Dunkerley and Graeme Salaman. Routledge and Kegan Paul, price £12.50. The first in what is designed to be a series, bringing together contemporary developments in the field of organisation studies.

Britain to the Age of Economic Management — An Economic History since 1939, by J. F. Wright. Oxford University Press, £5.95 hardback and £2.95 paperback. In this book, the author has set out for the general reader the major elements of economic growth and change in the UK in the past

40 years and has set them against an international context. The Manager and Industrial Relations, by Trevor Owen, Pergamon Press, Oxford, £13 and £5.25 (flexi cover).

The author, who writing this book, was a senior personnel executive at ICI (he is now managing director of Remploy) and he has set out to describe what actually happens in the industrial environment. He does not aim to provide new theories, but instead deals with the detail and background of legislation and negotiation and related issues such as communication, consultation and industrial democracy.

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Tinned food subsidies criticised

By Our Commodities Staff

ANNED FOOD importers launched an attack on EEC import duties and production subsidies yesterday. The Association of Canned Food Importers and Distributors (ACFID) Mr. Derek Leigh, president of Frucom, the European Association representing importers of canned and preserved food, complained about "massive and ill-considered subsidies which stimulate the uncontrolled production of certain fruit and vegetable items."

Mr. Leigh, who is also trading director of John West Foods, said the tomato growing programme was a typical example.

Tomato swamps will materialise alongside the wine lakes and butter mountains, he forecast. "We have seen Italian production double in two years."

Mr. Leigh also noted that Italian producers received a 124p a lb subsidy on canned tomatoes—the equivalent of half the retail price. At the same time there was a 4p duty on third country imports as well as a sugar levy. "This is a crazy situation," he said.

Similar situations existed for other canned fruits and vegetables, and fish and meat products, Mr. Leigh said.

"These subsidies and aids are expensive for the common agricultural policy and for the consumer, and unfair to third country growers who can produce so much more efficiently."

Pakistan cotton output up

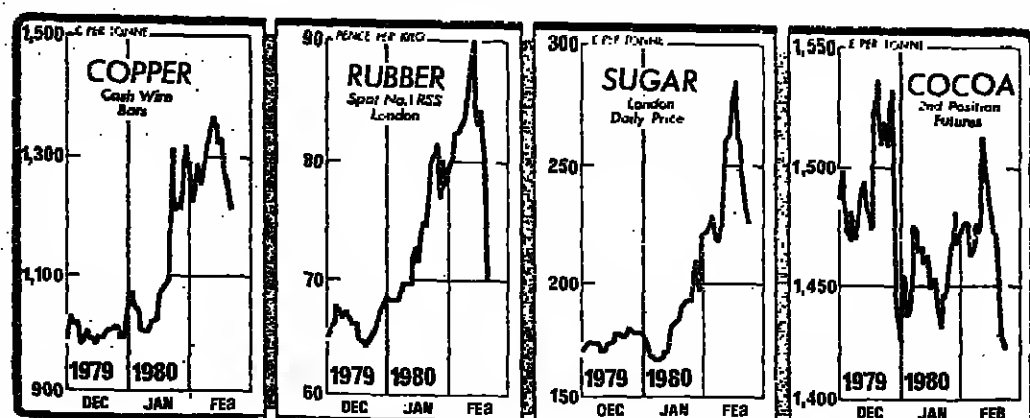
ARACHI — Pakistan produced 600,000 bales of cotton during the 1979/80 season, which was an increase of 100,000 bales over the 1978/79 season, said the Pakistan Cotton Corporation.

Nasir Hasan, Chairman of the corporation said Pakistan exported 1.3m bales, including 500,000 bales to China, the largest single order.

Reuter.

Arabica date

MR. ANGUS KERR, chairman of the London Coffee Terminal Market Association, confirmed yesterday that April 14 was under consideration as a possible reopening date for the London arabica coffee market. But he said no firm decision had yet been taken.



Markets take another battering

By JOHN EDWARDS, COMMODITIES EDITOR

COMMODITY markets took another battering from speculators yesterday, but a general rally in late trading reduced some of the early losses.

On the London sugar futures market the May position plunged to £235 at one stage, after having reached a five-year peak of over £300 last week, and then recovered to close at £241.875 a tonne, £3 down on the previous close. The London daily price for raw sugar was cut by £10 to £225.

There was a similar story in the rubber market. In hectic trading conditions April/June futures fell to 76.50p before rallying to close at 77.75p a kilo, still 3.05p lower on the day. The No. 1 RSS spot quotation was cut by 9p to 76p—one of the highest ever daily falls.

Cocoa futures lost more ground in early trading with the May position declining to £1,384 and climbing back up again to close at £1,421.5 a tonne, only £6.5 lower.

On the London Metal

Exchange three months copper wirebars fell below £1,200 in early afternoon inter-office dealings when the New York market opened the permissible limit down. However a strong recovery took three months back up to £1,248 on the late afternoon close at £1,248.50 a tonne, £55 down on the previous close. Several North American copper prices announced further cuts in their domestic U.S. selling price to \$1.30 a lb compared with \$1.45 a week ago.

The London bullion spot quotation for silver was reduced by 25p to £13.16 at the morning fixing. The market eventually closed in the afternoon at £14.30, following renewed buying interest at the lower levels. Free market platinum lost £7 to £377.45 a Troy ounce, in line with the decline in gold and silver.

Other metals followed the downward trend in copper and the precious metals, with the exception of tin, which was

boosted by a rise in Straits time price on the Penang market overnight.

Traders, shell-shocked by the violent fluctuations in prices during the past few days, claimed that the selling pressure has come almost entirely from speculators who had previously forced the markets up.

Speculators were tempted to take their profits by the prospect of the hoped for release of the U.S. hostages in Iraq lessening international tension, while at the same time the rise in U.S. interest rates makes the holding of commodities even more expensive. Once the decline started, it was accelerated by massive stop-loss positions being triggered off. Considerable uncertainty remains, with some speculators nursing severe losses.

Sugar export authorisations were sharply lower at this week's EEC tender as the Brussels Commission kept export rebates as low as possible, presumably taking the view that this week's market decline would not be sustained.

Early in the day sugar traders forecast that rebates would be granted at up to 12 ECU per tonne. Currency Units (ECUs) with sales of at least 100 tonnes authorised at rebates might be granted on as much as 70,000 tonnes.

But in the event the rebate was kept down to 6.45 ECU and only 6,500 tonnes of white sugar were authorised for export. This compared with 33,500 tonnes authorised at rebates of up to 1.478 ECU last week when the world sugar price was £37 higher.

Earlier the Commission announced it had removed the 6.05 ECU levy on raw sugar exports imposed last Saturday because world prices had fallen below EEC threshold levels. No levy had been imposed on white sugar.

Oilseeds output forecast

WASHINGTON — World output of oilseeds and related products is now estimated at 180m tonnes in 1979-80, down marginally from last month's forecast, but 14 per cent above last year's output, the U.S. Agriculture Department said.

USDA said current crop forecast changes from last month were minor, with sunflowerseeds up 100,000 tonnes and peanuts down 300,000. In Brussels meanwhile EEC Commission experts have proposed a tax of at least \$140 a tonne on vegetable oil to apply to domestic output as well as imports, informed sources said.

The levy is part of a plan to meet the expected cost of supporting Spanish agricultural culture, especially its huge olive oil output, when that country joins the Community, they said.

Some vegetable oil would make olive oil more attractive, soaking up some of the anticipated 200,000 tonnes annual surplus which would be generated if no action was taken.

The cost of supporting the olive oil market after Spanish membership is forecast to double to \$2.1bn.

Japan halts titanium alloy orders

TOKYO — Kobe Steel of Japan said it cannot meet requests from foreign aircraft manufacturers for titanium alloy because of a shortage of the metal.

The company said it has received requests from Boeing, McDonnell Douglas, Airbus Industries and Rolls-Royce, but added it has had to lower alloy production to 40 per cent of requirements because of a shortage of sponge titanium.

The company did not disclose annual production, but the industry put it at about 3,000 tonnes.

Japan has been a major exporter of the metal, but it is in short supply at present following increased domestic demand and because Japanese manufacturers have to meet long-term contracts to foreign customers.

Last year, Japan produced about 12,000 tonnes of sponge titanium, of which 4,000 to 5,000 tonnes were exported, Reuter.

COCOA MARKET

Ivory Coast faces economic squeeze

By ROBERT HECHT

A KEY issue at next week's meeting of the Cocoa Producers' Alliance must be whether Ivory Coast, in particular, can continue its stated policy of holding off the market until prices reach higher levels. The problem is aggravated by the fact that coffee prices are under pressure too, making life even more difficult for the Ivory Coast, which is not only the world's biggest cocoa producer at present but also the third largest coffee grower. Economic prospects are, therefore, rather clouded for the Ivory Coast, one of Africa's most successful economies up until now.

Lower cocoa and coffee prices mean reduced revenues for the Ivory Coast government, which is "skimming off" the differential between the prevailing world price and the mandatory producer price that it pays to the country's more than 400,000 cocoa and coffee farmers. If this government differential turns out to be lower than in previous years as is increasingly apparent, this will seriously threaten the Ivory Coast's ambitious public investment programme, which depends to a large extent on cocoa and coffee export receipts.

World market prices are still well above the fixed producer price of \$1.40 for both cocoa and coffee, but the Ivory Coast government has been counting

on even greater margins on what are expected to be near record crops of 300,000 tonnes of cocoa and 285,000 tonnes of coffee. In order to finance public investments this year, the Ivory Coast government has decided to raise official producer prices from \$1.16 to \$1.40 a kilo, a move which has ended up cutting the Ivory Coast into the government's share of shrinking income from cocoa and coffee.

The Government's 1980 budget calls on cocoa and coffee profits to contribute a hefty \$750m (£330m) to public investment, or half of the total budget.

It was in an effort to reverse the decline in cocoa prices that the Ivory Coast hosted a meeting of the main producing countries in Abidjan, in December. The Ivorian sought assurances from the other countries that they would refuse to sell cocoa below a minimum price, and proposed the creation of a producers' fund to support prices through intervention in futures markets.

The other important growers, including Ghana, Brazil, Nigeria, Cameroon, agreed in principle to the Ivorian suggestions, but so far no action has been taken about creating a producers' fund.

Since cocoa and coffee have accounted for over half of Ivory Coast's export earnings in

recent years, the country's economic fortunes have been intimately tied to levels of output and world prices for the two commodities.

Soaring cocoa and coffee prices in 1978-79 provided windfall profits to the government, which channelled \$750m and \$675m of these profits to the 1977 and 1978 investment programmes. The Ivorian economy expanded by an impressive 8 per cent in real terms in both years.

When prices for Ivory Coast's two main exports declined in 1978, however, and drought ruined a large part of the coffee crop, the economic repercussions were sharply felt by the treasury. Ivorian farmers, and by nearly all other sectors of the economy. Export revenues marked for government capital expenditure fell to only \$420m in 1979, and real GNP growth that year is estimated to have been around 3 per cent.

The Ivory Coast had to borrow another \$400m from foreign banks to cover the shortfall in its budget revenues, thereby increasing its already heavy external debt to over \$4.5bn.

It is obviously crucial to the Ivorian economy that next week's Accra meeting be successful in at least sustaining present cocoa prices. Otherwise the Ivory Coast will be caught in an economic squeeze that could have unpleasant consequences.

Premium prices for cocoa sales

ABIDJAN — Ivory Coast's 1979-80 cocoa purchases reached 250,000 tonnes on February 18, Mr. Norbert Kouakou of the Caisse de Stabilisation said.

Mr. Kouakou, the assistant director-general, said it was hard to estimate how much more main-crop cocoa remained.

The Ivory Coast is continuing to sell "very important quantities" at premium prices, between FFrs 1,400 and FFrs 1,500 per 100 kilos. He rejected market talk in London that the Ivory Coast had sold for as low as FFrs 1,385.

He said cocoa stocks, which last month stood at 150,000 tonnes, were now down to 75,000 tonnes. Local plants have taken 30,000 of their allocated 70,000 tonnes.

Mr. Kouakou said the Ivory Coast had sold forward more than 60,000 tonnes of 1979-80 cocoa before it decided on its stockpiling policy, but he declined to say how much had been sold since.

On prospects for the mid-crop, Mr. Kouakou said it was still difficult to estimate, but would probably be in the region of 10,000 to 15,000 tonnes.

Mr. Kouakou said he considered next week's general assembly of the Cocoa Producers' Alliance in Accra a very important meeting, when the producers would examine the measures envisaged at the December meeting in Abidjan.

The producers agreed then on the principle of setting up a support fund for cocoa prices and studying long-term stockpiling, he added.

The one decision of the Abidjan meeting which is said to be already in operation is the decision not to sell below a confidential minimum price.

Mr. Kouakou said the other aspect of the Accra meeting would be consultations before the March talks in London with consumer countries.

But head of the Accra Division of the Cameroon Marketing Board, Mr. Mahamah Alimé Mey, said, any talks on setting up a new international cocoa agreement must depend on the meeting in Abidjan.

He said FFrs 1,500 per 100 kilos for members of the alliance of cocoa producing countries. Reuter.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER — Fell heavily again on the London Metal Exchange. Forward metal prices down from £1,200 to £1,180 on the day. The market followed a record heavy speculation selling prompted by the sharp decline in overnight U.S. markets and the fall in precious metals. This selling continued during the morning and over the lunchtime period with three months metal dipping below £1,200 at one point. Its Comex opened limit down. However, a steady rally in the U.S. produced a similar trend in London with metal recovering to touch £1,250 before closing the late Kerb at £1,248. Turnover: 41,300 tonnes.

WIREBARS — 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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979-80	1978-79	1977-78	1976-77	1975-76	1974-75	1973-74	1972-73	1971-72	1970-71	1969-70	1968-69	1967-68	1966-67	1965-66	1964-65	1963-64	1962-63	1961-62	1960-61	1959-60	1958-59	1957-58	1956-57	1955-56	1954-55	1953-54	1952-53	1951-52	1950-51	1949-50	1948-49	1947-48	1946-47	1945-46	1944-45	1943-44	1942-43	1941-42	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36	1934-35	1933-34	1932-33	1931-32	1930-31	1929-30	1928-29	1927-28	1926-27	1925-26	1924-25	1923-24	1922-23	1921-22	1920-21	1919-20	1918-19	1917-18	1916-17	1915-16	1914-15	1913-14	1912-13	1911-12	1910-11	1909-10	1908-09	1907-08	1906-07	1905-06	1904-05	1903-04	1902-03	1901-02	1900-01	1899-00	1898-99	1897-98	1896-97	1895-96	1894-95	1893-94	1892-93	1891-92	1890-91	1889-90	1888-89	1887-88	1886-87	1885-86	1884-85	1883-84	1882-83	1881-82	1880-81	1879-80	1878-79	1877-78	1876-77	1875-76	1874-75	1873-74	1872-73	1871-72	1870-71	1869-70	1868-69	1867-68	1866-67	1865-66	1864-65	1863-64	1862-63	1861-62	1860-61	1859-60	1858-59	1857-58	1856-57	1855-56	1854-55	1853-54	1852-53	1851-52	1850-51	1849-50	1848-49	1847-48	1846-47	1845-46	1844-45	1843-44	1842-43	1841-42	1840-41	1839-40	1838-39	1837-38	1836-37	1835-36	1834-35	1833-34	1832-33	1831-32	1830-31	1829-30	1828-29	1827-28	1826-27	1825-26	1824-25	1823-24	1822-23	1821-22	1820-21	1819-20	1818-19	1817-18	1816-17	1815-16	1814-15	1813-14	1812-13	1811-12	1810-11	1809-10	1808-09	1807-08	1806-07	1805-06	1804-05	1803-04	1802-03	1801-02	1800-01	1799-00	1798-99	1797-98	1796-97	1795-96	1794-95	1793-94	1792-93	1791-92	1790-91	1789-90	1788-89	1787-88	1786-87	1785-86	1784-85	1783-84	1782-83	1781-82	1780-81	1779-80	1778-79	1777-78	1776-77	1775-76	1774-75	1773-74	1772-73	1771-72	1770-71	1769-70	1768-69	1767-68	1766-67	1765-66	1764-65	1763-64	1762-63	1761-62	1760-61	1759-60	1758-59	1757-58	1756-57	1755-56	1754-55	1753-54	1752-53	1751-52	1750-51	1749-50	1748-49	1747-48	1746-47	1745-46	1744-45	1743-44	1742-43	1741-42	1740-41	1739-40	1738-39	1737-38	1736-37	1735-36	1734-35	1733-34	1732-33	1731-32	1730-31	1729-30	1728-29	1727-28	1726-27	1725-26	1724-25	1723-24	1722-23	1721-22	1720-21	1719-20	1718-19	1717-18	1716-17	1715-16	1714-15	1713-14	1712-13	1711-12	1710-11	1709-10	1708-09	1707-08	1706-07	1705-06	1704-05	1703-04	1702-03	1701-02	1700-01	1699-00	1698-99	1697-98	1696-97	1695-96	1694-95	1693-94	1692-93	1691-92	1690-91	1689-90	1688-89	1687-88	1686-87	1685-86	1684-85	1683-84	1682-83	1681-82	1680-81	1679-80	1678-79	1677-78	1676-77	1675-76	1674-75	1673-74	1672-73	1671-72	1670-71	1669-70	1668-69	1667-68	1666-67	1665-66	1664-65	1663-64	1662-63	1661-62	1660-61	1659-60	1658-59	1657-58	1656-57	1655-56	1654-55	1653-54	1652-53	1651-52	1650-51	1649-50	1648-49	1647-48	1646-47	1645-46	1644-45	1643-44	1642-43	1641-42	1640-41	1639-40	1638-39	1637-38	1636-37	1635-36	1634-35	1633-34	1632-33	1631-32	1630-31	1629-30	1628-29	1627-28	1626-27	1625-26	1624-25	1623-24	1622-23	1621-22	1620-21	1619-20	1618-19	1617-18	1616-17	1615-16	1614-15	1613-14	1612-13	1611-12	1610-11	1609-10	1608-09	1607-08	1606-07	1605-06	1604-05	1603-04	1602-03	1601-02	1600-01	1599-00	1598-99	1597-98	1596-97	1595-96	1594-95	1593-94	1592-93	1591-92	1590-91	1589-90	1588-89	1587-88	1586-87	1585-86	1584-85	1583-84	1582-83	1581-82	1580-81	1579-80	1578-79	1577-78	1576-77	1575-76	1574-75	1573-74	1572-73	1571-72	1570-71	1569-70	1568-69	1567-68	1566-67	1565-66	1564-65	1563-64	1562-63	1561-62	1560-61	1559-60	1558-59	1557-58	1556-57	1555-56	1554-55	1553-54	1552-53	1551-52	1550-51	1549-50	1548-49	1547-48	1546-47	1545-46	1544-45	1543-44	1542-43	1541-42	1540-41	1539-40	1538-39	1537-38	1536-37	1535-36	1534-35	1533-34	1532-33	1531-32	1530-31	1529-30	1528-29	1527-28	1526-27	1525-26	1524-25	1523-24	1522-23	1521-22	1520-21	1519-20	1518-19	1517-18	1516-17	1515-16	1514-15	1513-14	1512-13	1511-12	1510-11	1509-10	1508-09	1507-08	1506-07	1505-06	1504-05	1503-04	1502-03	1501-02	1500-01	1499-00	1498-99	1497-98	1496-97	1495-96	1494-95	1493-94	1492-93	1491-92	1490-91	1489-90	1488-89	1487-88	1486-87	1485-86	1484-85	1483-84	1482-83	1481-82	1480-81	1479-80	1478-79	1477-78	1476-77	1475-76	1474-75	1473-74	1472-73	1471-72	1470-71	1469-70	1468-69	1467-68	1466-67	1465-66	1464-65	1463-64	1462-63	1461-62	1460-61	1459-60	1458-59	1457-58	1456-57	1455-56	1454-55	1453-54	1452-53	1451-52	1450-51	1449-50	1448-49	1447-48	1446-47	1445-46	1444-45	1443-44	1442-43	1441-42	1440-41	1439-40	1438-39	1437-38	1436-37	1435-36	1434-35	1433-34	1432-33	1431-32	1430-31	1429-30	1428-29	1427-28	1426-27	1425-26	1424-25	1423-24	1422-23	1421-22	1420-21	1419-20	1418-19	1417-18	1416-17	1415-16	1414-15	1413-14	1412-13	1411-12	1410-11	1409-10	1408-09	1407-08	1406-07	1405-06	1404-05	1403-04	1402-03	1401-02	1400-01	1399-00	1398-99	1397-98	1396-97	1395-96	1394-95	1393-94	1392-93	1391-92	1390-91	1389-90	1388-89	1387-88	1386-87	1385-86	1384-85	1383-84	1382-83	1381-82	1380-81	1379-80	1378-79	1377-78	1376-77	1375-76	1374-75	1373-74	1372-73	1371-72	1370-71	1369-70	1368-69	1367-68	1366-67	1365-66	1364-65	1363-64	1362-63	1361-62	1360-61	1359-60	1358-59	1357-58	1356-57	1355-56	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INDUSTRIALS—Continued

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No extra powers needed say police

By Richard Evans and John Lloyd

REPRESENTATIVES of Britain's 43 chief police officers told Mr. William Whitelaw, the Home Secretary, yesterday that they did not require extra powers to cope with industrial picketing.

Mr. Alan Goodson, Chief Constable of Leicester and president of the Association of Chief Police Officers, said after the meeting that the police had to draw a distinction between a picket which had immunity from civil action and a demonstration, which had none.

"When you get thousands of people turning up to a picket, it is no longer a picketing situation, it is a demonstration situation."

"What is needed is not a change in the law, but a change in attitude on the part of the public. Some sections of the public are going beyond the bounds of the law."

Mr. Goodson said that it was wholly wrong to suggest that the police were on one side and workers on the other.

"The police are unrelated to workers or management in a dispute. The independence of the police is a difficult and sensitive issue to maintain, but the sole thing we are concerned with is the public order."

The law gave police officers wide discretion, and they must operate it in such a way as to ensure that picketing did not deteriorate into intimidation.

"That is the decision of the officer on the spot, and it is a fine judgment," Mr. Goodson said.

Mr. Whitelaw told the police chiefs in the hour-long meeting that they had the full support of the Government in measures taken to control unlawful picketing.

The Government's view remains that the criminal law should be enforced more actively wherever possible, but that decisions will be left strictly to police chiefs.

There are, however, some aspects of the criminal law which concern the chief constables, and they will present their views to the Commons Select Committee on Home Affairs, which is reviewing the Public Order Act of 1966.

In a submission to the select committee earlier this week Sir David McNea, the Metropolitan Police Commissioner, argued for tougher measures to control demonstrations, including stiffer penalties for breaches of public order and a new offence covering throwing of missiles at public gatherings.

Sir David also drew a sharp distinction between peaceful picketing and "massed" picketing, which he said should be considered a demonstration.

Vosper may take £30m claim to Strasbourg

By Robert Cottrell

VOSPER, the Hampshire engineering group, may take its claim for compensation in respect of its nationalised shipbuilding assets to the European Court of Human Rights in Strasbourg.

The company has been negotiating compensation with the Industry Department for almost three years. It is seeking £30m, while the highest offer it has received is £13.5m on account.

According to Vosper the net tangible assets of its nationalised shipbuilding interests on June 6, 1977—the vesting day of British Shipbuilders—were £25m, including £5.5m cash. Turnover and profits were running at £100m and £2m, and orders then on hand totalled £267m, or two-and-a-half years' work.

The company said it had been advised by counsel that it would have "good prospects of success" in an action at Strasbourg based on Article 1 of the First Protocol of the European Convention of Human Rights, which covers the general principles of international law on deprivation of possession.

Vosper is one of ten companies still seeking compensation for nationalised shipbuilding and aerospace assets.

Pickets fail to stop Sheerness production

By ALAN PIKE, LABOUR CORRESPONDENT

SHEERNESS STEEL—the only private steel works to have defied union instructions and continued working through the national steel strike—was the scene of day-long demonstrations and counter demonstrations yesterday.

About 1,300 pickets from throughout the country, descended on the works before dawn in a bid to persuade the 800-strong workforce of the Canadian-owned company to withdraw their labour.

Police launched a huge operation on the Thames Estuary island which can be reached only by single swing bridge. Coaches bringing pickets were stopped and checked on the outskirts of Sheerness and the entire operation involved 1,000 officers.

During a series of scuffles with police, there were 21 arrests and five people were taken to hospital with minor injuries.

But although the mass picket

prevented lorries attempting to enter or leave the plant, the work continued normally, and 1,000 of the workers' wives and supporters marched around the centre of the Kent town in opposition to the pickets.

The Iron and Steel Trades Confederation has persuaded its members in most private steel works — albeit with varying degrees of enthusiasm — to join the British Steel Corporation strike, and there is deep anger over the Sheerness workers' refusal to do so.

Pickets, including Kent miners as well as steel workers from Yorkshire, the Midlands and Wales, were building up in force by 5 am.

But many workers were already inside as normal shift patterns had largely been abandoned. Senior management representatives spent the night in the plant and manual workers have stocked up with blankets and food inside in case they are besieged by pickets.

Although no attempt was made to get vehicles through the strong picket lines, some workers claimed that a convoy of lorries had moved 2,000 tonnes of steel from the plant during the night before the demonstrators arrived.

Mr. Barry Paine, chief constable of Kent, said that no changes in the pattern of picketing for the operation had been made following the reminder by Sir Michael Havers, the Attorney General, on Tuesday, that mass picketing can conflict with the criminal law.

Most of those arrested were charged with obstruction or assault on the police. Some appeared in court during the day and were fined between £25 and £75. Union officials said that in a small number of incidents there had been suggestions of over-reaction by the police and formal complaints would be lodged if these appeared justified.

TUC agrees to see Prior

By NICK GARNETT

THE TUC's employment policy and organisation committee agreed yesterday to see Mr. Jim Prior, the Employment Secretary, to discuss the Government's working paper on secondary industrial action, published on Tuesday, although no date has yet been set.

Mr. Prior, speaking later yesterday at the employment select committee held out the prospect of a Green Paper this year explaining more fully new legislation on secondary action.

He also hinted at the possibility of further legislation on this issue if the current proposed changes succeeded. Members of the TUC committee were uncompromising about the working paper and decided

that the forthright letter earlier this week from Mr. Len Murray, TUC general secretary to Mr. Prior will not only be endorsed but would also be sent to all affiliated unions.

The letter, in which Mr. Murray told Mr. Prior that the proposed legislation would lead to greater social and industrial unrest, will accompany a critique, drawn up by the TUC, of the working paper.

The committee also took the view that the TUC's campaign to try and put over the unions' attitudes on social and industrial issues should be intensified and there was some discussion of taking out advertisements in national newspapers.

Mr. Prior told the employment select committee that industrial democracy would be at grave risk if the Government passed industrial legislation which failed. If it was successful, however, and the nation accepted its success the Government would then be in a position to look at building on that legislation.

Industrial relations law could not be a matter of absolute principle, he told MPs. It had to have a strong element of practicality.

Mr. Prior believed that comment following the working paper's publication exaggerated the influence judges could have in interpreting the proposed legislation.

Pay growth rate accelerates

By PETER RIDDELL, ECONOMICS CORRESPONDENT

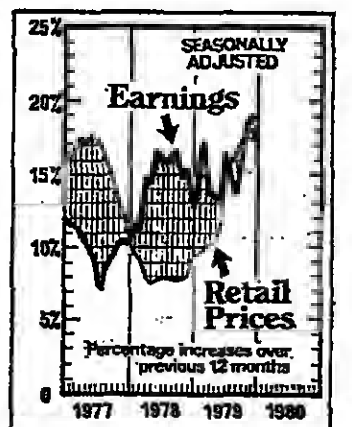
THE RATE of growth of average earnings has reached its highest level since spring 1976, with the rate accelerating over the last few months as the increased wage rises of the current pay round have worked through.

Last year saw a 19.6 per cent rise in the average earnings of the 21m workers covered by the Employment Department index published yesterday. By December the index stood at 165.0 (January 1976=100).

This probably overstates the trend since changes in the timing of pay settlements in the current round and arrears of backpay to gas supply and Post Office workers may have added 2 of a point to the rate.

So officials reckon that the underlying rate of increase is just under 19 per cent. But this compares with 18 per cent in November, 15 to 16 per cent in the late summer and under 15 per cent last spring.

The 12-month rate is likely to continue rising as the higher pay settlements of the round replace the generally lower ones of a year ago. There does not, however, appear to have been a significant acceleration in the level of wage increases from one pay deal to another within the wage round. Hence there is not, at least yet, the runaway pay explosion of 1974-75 when the 12-month rate exceeded 30 per cent.



But the rising trend of earnings naturally means that it will take much longer than hoped to reduce the rate of price inflation and the consequent cost pressures for companies will intensify the financial squeeze.

Earnings are rising faster than retail prices—up 17.2 per cent during 1979 and by 18.4 per cent in the year to January—so real take-home pay is still holding up.

The rate of increase of earnings is also being pushed up by the phased implementation of the Clegg pay comparability awards in the public sector. Which may add about 2 per cent to the rate over the year to this summer.

The 12-month rate for January, due to be announced in a month's time, could show a marked rise, as the comparable month last year was depressed by bad weather and serious industrial disputes.

The older index of average earnings covering about 11m employees, mainly in production industries, rose 2 per cent, seasonally adjusted, between November and December to 416.5 (January 1970=100) for an increase of 19 per cent in the last year.

Nationally negotiated basic weekly wage rates of manual workers at the end of January were on average 15 per cent higher than a year earlier. During January, the index rose from 320.7 to 325.6.

● The CBI said last night that there had been little change in the level of pay settlements during the past three months and no single going rate had emerged.

Public sector and private company settlements, covering about 8.5m employees, reported to the CBI's pay data bank since last August, ranged from 5 per cent to 32 per cent.

A more detailed survey of 277 settlements in 800 manufacturing establishments showed that more than two-thirds were for 17 per cent or less and more than a half were for 15 per cent or less.

Phone tap Bill proposed

TELEPHONE tapping and eavesdropping were "causing public concern" and must be curbed by legislation, Mr. Bob Cryer (Lab. Keighley) said in the Commons yesterday.

Referring to recent allegations in the New Statesman magazine about telephone tapping by Government departments, and the alleged tapping of the phones of the black participants in the recent Lancaster House conference on Rhodesia, Mr. Cryer outlined a new Bill which would limit the power to tap by authorised bodies.

"There is a cause for public concern," he said. "It is against a not surprising background of declining public confidence in Government institutions."

The police would have to make an application to the Home Secretary for a warrant for "interception of communications," under a sworn affidavit.

Germany's payment to EEC soars

By Jonathan Carr in Bonn

WEST GERMANY'S net financial contribution to the European Community almost doubled last year to DM3.99bn (£1bn) from DM2.1bn — the first time it has shown an increase since 1975.

The development, revealed in official figures shortly to be made public by the Bundesbank, emerges at an awkward time for Berlin, which is arguing for a big cut in its net contribution on the ground that it is one of the poorer EEC states.

The British case had been at least partly helped by a series of annual figures showing that West Germany, one of the wealthiest members, was paying on a net basis ever less to the EEC.

While the German gross contribution to the EEC Budget rose year by year, so did German receipts from Brussels—mainly for farm price support within the Common Agriculture Policy.

The result was that a net German contribution to the EEC of DM1.5bn in 1975 dropped to DM3.7bn in 1976, to DM3.2bn in 1977, and to DM2.1bn in 1978.

The figures show that last year the Germans paid a gross contribution to Brussels of DM12.3bn (£3.1bn) compared with DM10.8bn in 1978. At the same time, they received from Brussels only DM8.48bn (£2.1bn), against DM8.7bn before.

The resulting net deficit of DM3.99bn was one major factor contributing to Germany's overall current account deficit last year of about DM9bn. This was the first such deficit since 1965.

A current account deficit is expected this year, too.

While Germany's overall receipts from the EEC dropped last year, those going specifically to farm price support under the regulations of the CAP increased to DM7.4bn from DM7.2bn in 1978.

The EEC farm payments to Germany have thus more than doubled since 1976 and are taking up a higher proportion of overall German receipts from the Community than ever.

This fact is regretted by the Bonn Finance Ministry, which sees in it an undesirable redistribution of revenue in favour of farm price support—often for products already in surplus. But efforts to reform the CAP and to obtain a better balance in the EEC Budget—strongly urged by the British—have proved unavailing.

Weather

UK TODAY

Rather cloudy. Normal temperatures.

London, S.E. Cent. S. E. N.W. Cent. N. N.E. England, East Anglia, Midlands, Lake District, Borders, Edinburgh and Dundee, Aberdeen, Orkney and Shetland.

Rather cloudy, mainly dry, bright in places. Winds south westerly, locally fresh. Max. 8C (46F).

S.W. England, Wales, Isle of Man, Channel Is.

Sunny periods, cloudy later. Winds variable and light. Max. 9C (48F).

Rest of Scotland, N. Ireland

Mostly cloudy, occasional rain. Winds mainly south west. Light to moderate. Max. 7C (45F).

Outlook: Some rain, but also brighter drier intervals. Night frost in places.

WORLDWIDE

Algeria	C	12	54	Lisbon	F	13	56
Amsterdam	C	20	58	London	C	8	43
Athens	C	9	48	Luxembourg	S	8	43
Bahrein	C	20	88	Luxor	S	22	72
Barran	R	10	30	Madrid	C	8	46
Bombay	F	18	51	Moscow	S	11	21
Buenos Aires	S	7	45	Manila	R	11	57
Calcutta	S	7	45	Mexico	S	7	45
Canton	F	13	55	Montreal	C	36	57
Cebu	S	13	55	Osaka	S	7	45
Colon	C	8	43	Paris	C	0	32
Copenhagen	C	15	57	Rangoon	S	11	21
Dacca	S	15	57	San Francisco	S	5	41
Dhaka	S	15	57	Singapore	S	24	76
Dublin	C	8	43	Sri Lanka	S	12	54
Edinburgh	C	8	43	Taipei	S	12	54
Hankow	S	26	80	Tokyo	C	4	39
Hong Kong	S	18	54	Yokohama	C	11	52
Kobe	S	7	45	Yokohama	C	11	52
London	C	8	43	Yokohama	C	11	52
Lyons	C	14	57	Yokohama	C	11	52
Manila	S	11	21	Yokohama	C	11	52
Medan	S	11	21	Yokohama	C	11	52
Metz	C	14	57	Yokohama	C	11	52
Moscow	S	11	21	Yokohama	C	11	52
Mumbai	S	11	21	Yokohama	C	11	52
Nairobi	S	11	21	Yokohama	C	11	52
Rangoon	S	11	21	Yokohama	C	11	52
Reykjavik	C	12	54	Yokohama	C	11	52
Rome	C	12	54	Yokohama	C	11	52
Singapore	S	24	76	Yokohama	C	11	52
Sri Lanka	S	12	54	Yokohama	C	11	52
Taipei	S	12	54	Yokohama	C	11	52
Tokyo	C	4	39	Yokohama	C	11	52
Yokohama	C	11	52	Yokohama	C	11	52

—Cloudy, F—Fair, FG—Fog, R—Rain, S—Sunny, SI—Sleet, SN—Snow.

THE LEX COLUMN

Lean times for Carrington

Index fell 3.5 to 458.3

Armitage Shanks

Today is the first closing date in Blue Circle's bid for Armitage Shanks, and the outcome is still uncertain even though Blue Circle already owns nearly 15 per cent, while the terms are agreed and are wholly reasonable.

The all-equity valuation values Armitage at around £31m, which is nearly four-fifths more than the market price before the news and compares with up to date net worth of roughly £28m.

But a Lebanese owned company, Ceramics Investments, has built its holding in Armitage up from 21 to 28.6 per cent since Blue Circle bid, and says that it will not accept these terms in present circumstances. It seems quite happy to remain a large minority shareholder in an independent Armitage.

There is probably nothing to be lost from sitting on the fence for a little longer. But with a sign of a counter bid, the most that could be gained is a few pennies more on the price whereas if Blue Circle walked away the downside risk would be substantial. Maybe Blue Circle should call Ceramics bluff and say that there is nothing more to come.

Interest rates

Competitive interest rate management is not yet recognised at an Olympic sport, but the European teams are beginning to limber up, hard on the heels of the U.S. and Japan. Yesterday the Swiss loosened inward foreign exchange controls to attract funds into the Swiss franc, and the Bank of France raised its paper rate—roughly equivalent to MLR—by 1 point to 12 1/2 per cent.

The French franc is riding high in the European Monetary System at present, and it rather looks as though the French and

Swiss central banks have been alerted by the Bundesbank about plans to tighten the screw further in Germany, and are taking pre-emptive action.

Despite these adverse international influences, and a grim set of average earnings figures, the gilt-edged market managed to rally in response to broad hints that the Government is planning somehow to produce an agreeably low figure for the 1980-81 public sector borrowing requirement. And the Bank of England, successfully contrived easy conditions in the money markets for a make-up day, which must have helped.

But there are signs that the clearing banks are still not satisfied with the help given to them so far to reduce their difficulties with the corset, and are threatening to raise base rates if they are not given more help. This time the authorities must call the clearers' bluff—or perhaps propose a windfall profits tax.

Gillett

Gillett Brothers, Discount drew up its accounts on January 31, a month later than Union and Alexander. In common with the latter it took a hiding in 1979, despite some profitable gilt-edged business in January, and has had to dig into its inner reserves to pay a dividend. But whereas Alexander, a larger and more powerful house, felt able to maintain its dividend, Gillett has cut its payment by 58 per cent.

Presumably, Gillett feels the immediate prospects in the money market are not promising enough to justify more generous distribution of its funds, and besides, lower reserves reduce the size of book that it is allowed to run. The total book may be relatively small, but fixed costs are similar to those of larger houses, and the yield on the shares, down 40p to 185p, is only average for the sector at 8 1/2 per cent.

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Contact: The Industrial Adviser, Civic Offices, Swindon SN1 2JH. Tel: (0793) 26161. Telex: 44833.

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